

# **Northwest Territories Housing Corporation**

## **Annual Report**

**2012 - 2013**



**Northern Solutions for Northern Housing**



NORTHWEST TERRITORIES  
HOUSING CORPORATION



## MESSAGE FROM THE MINISTER

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The title of this year's Annual Report of the Northwest Territories Housing Corporation (NWT HC) "Northern Solutions for Northern Housing" is one that clearly encompasses the activities that have been undertaken this past year under the strategic plan *Building for the Future – Northern Solutions for Northern Housing*.

Introduced on April 16, 2012, *Building for the Future – Northern Solutions for Northern Housing*, is the strategic plan for the NWT HC that resulted from the Shelter Policy Review. The strategic plan provides a long-term strategic framework for housing. This strategic framework renews the NWT HC's commitment to residents to build and strengthen housing programs and services.

*Building for the Future* is built on the advice and input of Northerners. We were told by residents that they want the NWT HC and the Government of the Northwest Territories (GNWT) to work in partnership with residents where appropriate and to support housing in a way that is fair and sustainable. Thank you to all those residents that provided input. We heard you and your participation helped guide the NWT HC in identifying its priorities.

The NWT HC has been hard at work implementing several key initiatives under the strategic plan. In 2012, we saw the implementation of a new Public Housing rent scale. The new rent scale helps address many issues with Public Housing rents such as making rents simpler, increasing fairness, and addressing the disincentive to work. Additionally, the NWT HC introduced the Transitional Rent Supplement Program (TRSP) which is designed to provide supports to people facing affordability problems in private market rentals. This period also saw the introduction of the Securing Assistance For Emergencies (SAFE), a program that provides financial and technical assistance for emergency repairs that are required on an immediate or short-term basis.

In my capacity as Chair of the Provincial-Territorial Housing Forum, and Co-Chair of the Federal-Provincial-Territorial Housing Forum, I have continued to work with my counterparts across the country to advance our common objectives to address housing needs through sustainable, efficient means. Participation and coordination of these forums provides an important source of best practices, advice, and venue to develop housing policy, while recognizing that tackling complicated housing issues requires collaboration.

Helping residents of the NWT to gain access to sustainable, vibrant and safe communities by addressing their housing needs continues to be the NWT HC's highest priority. Going forward and working together with communities and LHOs, the NWT HC endeavours to meet the strategic actions laid out in *Building for the Future – Northern Solutions for Northern Housing*.

A handwritten signature in dark ink, appearing to read "Robert McLeod". The signature is fluid and cursive.

The Honourable Robert C. McLeod  
Minister Responsible for the Northwest Territories Housing Corporation





## MESSAGE FROM THE PRESIDENT AND CEO

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This past year, the NWT HC has focused on developing and implementing northern based solutions to address the unique social, geographical and financial circumstances of the Northwest Territories.

From the Shelter Policy Review undertaken in 2011-2012, we were able to develop the strategic framework *Building for the Future: Northern Solutions for Northern Housing*. This strategic framework for housing in the Northwest Territories identifies several goals and priorities that derive from our mission to provide access to adequate, sustainable and affordable housing.

Under *Building for the Future*, the NWT HC implemented changes to the public housing rent scales, eliminating the complex method of calculating household income and implementing the concept of zone based rents to ensure consistency between communities. The public housing rent scale is now more predictable and less complicated. These changes were the result of consultation with NWT community members and I thank everyone that was involved in the process.

One priority for the NWT HC in *Building for the Future* is to strengthen and improve our homeownership supports. Homeownership is an important part of self-reliance and many residents want to have their own homes that they can take pride in and have the freedom to change and renovate. The NWT HC has several homeownership programs, such as Securing Assistance For Emergencies (SAFE), a program where clients may access funding for emergency repairs. We will continue to deliver such programs in the most efficient way possible.

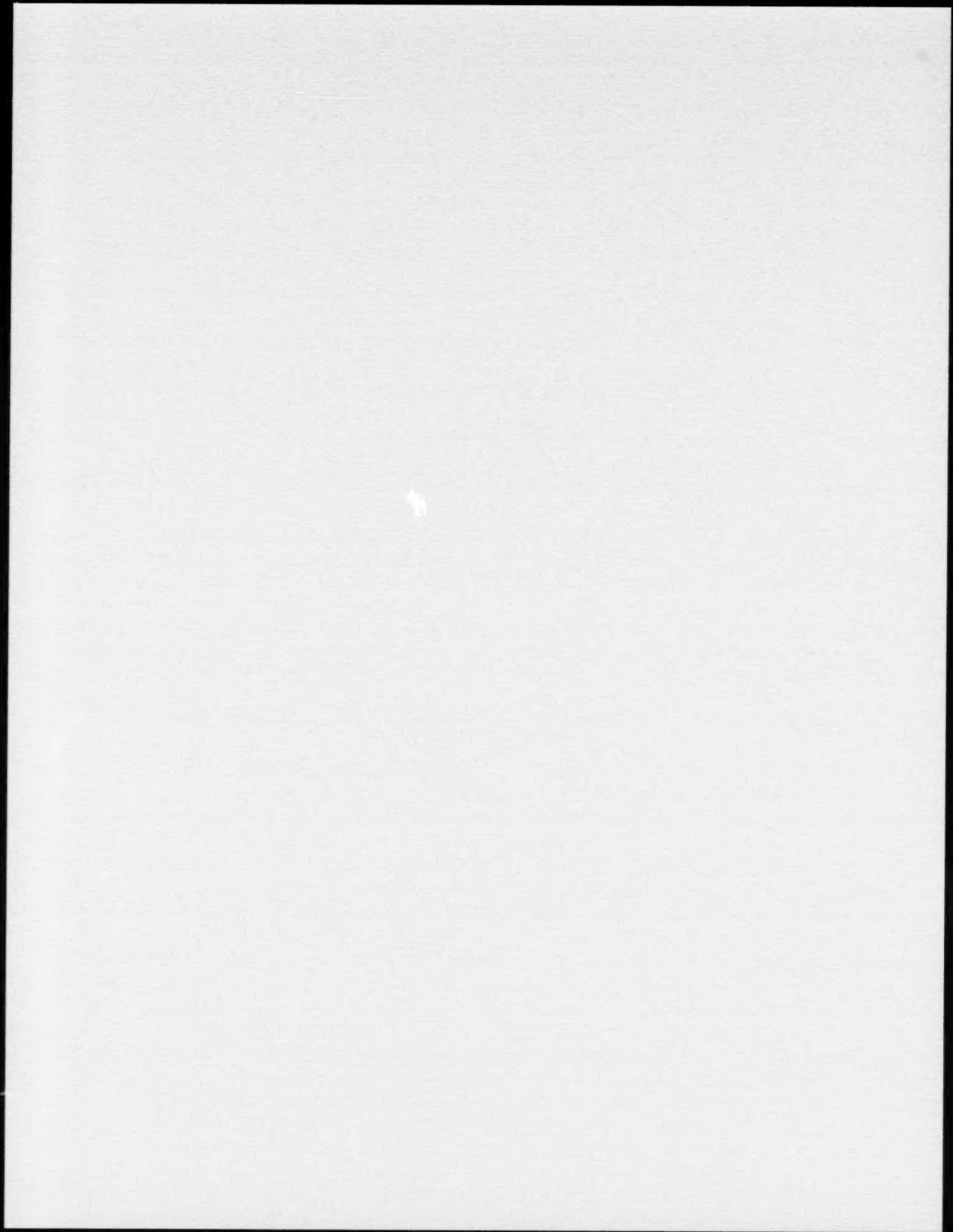
In 2012, the NWT HC assumed responsibility for the homelessness portfolio through the coordination and administration of the Small Communities Homelessness Fund (SCHF) and the Homelessness Assistance Fund (HAF). These initiatives are the result of the GNWT's recognition that the most effective way to address homelessness in communities is to support locally developed initiatives to provide effective solutions to complicated issues.

As the NWT HC moves forward, we will continue to respond to our client needs by continuing our efforts to fulfill the strategic actions identified under *Building for the Future*. Quality housing contributes to health, education and public safety, while providing important economic stimulus and job creation. It is because of the ongoing work being done by the dedicated, hardworking staff of the NWT HC that we are leaving an important legacy in Northwest Territories communities – adequate, suitable and affordable housing that will provide shelter for families for many years to come.



Mr. David Stewart  
President and CEO  
Northwest Territories Housing Corporation





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## CORPORATE PROFILE

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### Mission Statement

The Northwest Territories Housing Corporation provides access to adequate, suitable, and affordable housing. Through the provision of housing programs and services, the NWTHC contributes to the health and education of NWT residents and to the development of sustainable, vibrant and safe communities.

### Goals:

- Increase the supply of adequate, suitable and affordable housing in communities to address the housing needs of NWT residents;
- Acquire and plan for sufficient land for the purpose of providing affordable housing;
- Provide homeownership and rental programs and services that are effective and appropriate;
- Enhance the long term sustainability and energy efficiency of housing in the NWT, and;
- Promote personal responsibility and accountability for housing through community based training and support.



## CORPORATE SUMMARY

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The Northwest Territories Housing Corporation provides social and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC continues to work in partnership with the Canada Mortgage and Housing Corporation to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations, and municipal and Aboriginal governments, to manage and administer public housing in 30 communities.

### Branches

**The Executive**, comprised of the President's Office and the Strategic Planning, Policy and Communications Section coordinates the implementation of the direction of the government related to housing.

The President's Office is responsible for supporting the Minister Responsible for the NWTHC, leading the senior management team, and providing overall management and leadership of the NWTHC.

The Strategic Planning, Policy and Communications Section provides support with regard to long-term strategic direction and planning for the NWTHC. This Section is also responsible for strategic and business planning, policy development, qualitative and quantitative research, and corporate communications. This section represents the NWTHC on a Federal/Provincial/Territorial (FPT) level, on interdepartmental working groups, and on other committees.

## CORPORATE SUMMARY

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The **Finance and Infrastructure Services Branch** is comprised of the Finance and Administration Division, Infrastructures Services Division, Financial Planning Division and Information Services Division. Through these units, the Branch manages and administers the NWTHC's financial services, capital planning, land acquisition and planning, information services, asset management and capital infrastructure delivery.

The Finance and Administration Division is responsible for the overall financial affairs of the NWTHC and Local Housing Organizations. This includes the provision of accounting services, reporting and monitoring, treasury services, mortgage administration, and providing financial advice to senior management and stakeholders. The Finance and Administration Division also manages the NWTHC's own source revenues and funding from the Canada Mortgage and Housing Corporation under the Social Housing Agreement. The Division also provides ongoing subsidy assistance and operational support to various third-party non-profit housing organizations outside of the public housing program.

The Financial Planning Division is responsible for the coordination of the development of plans for capital infrastructure and minor capital projects, corporate budget development, project and budget change management and variance analysis.

The Information Services Division utilizes information management tools and methodologies to support the business processes of the NWTHC and its community partners. The Section develops NWTHC-specific information tools as well as systems training that are critical to the delivery of housing programming.

The Infrastructure Services Division is in control of the overall development, design and procurement, planning and delivery of capital infrastructure projects in support of the NWTHC's rental and homeownership programs. This Division is also plans, procures, and administers suitable land for the delivery of housing programs and services and the security of NWTHC assets and mortgage interests. Infrastructure Services is also responsible for the maintenance management of the NWTHC's public housing portfolio in order to ensure its long-term sustainability. The Division provides technical assistance in the development of new housing programs and supports the District Offices in the delivery of the Contributing Assistance for Repairs and Enhancements (CARE) program in collaboration with private homeowners to determine their repair needs and develop scopes of work. Additionally, Infrastructure Services is the NWTHC's lead on issues related to energy efficiency and new housing technologies.

**Programs and District Operations** provide corporate support and oversight to the NWTHC's five District Offices in the delivery of programs and services to the residents of the NWT. This includes the development, implementation, training, monitoring, and delivery of programs and initiatives that optimize the NWTHC's responsiveness to housing needs in the NWT, ensuring a continuity of approach to program delivery and implementation.

The Housing Programs and District Operations Division works closely with district and community housing providers, Local Housing Organizations, to ensure compliance with existing policies and procedures, as well as developing and updating operational policies while ensuring that District Offices and LHOs have the support and capacity required to effectively deliver the NWTHC's programs and services.

NWTHC District Offices support communities in program and service delivery. District Offices are responsible for the administration of district capital activities and program delivery. District Offices also play a pivotal role in lands acquisition and development, maintenance, training, and work closely with stakeholders at the community level. District Offices work with LHOs and NWT residents to identify options and programming to assist individuals in decision making regarding their housing needs. An important component of the relationship between districts and clients are the services related to mortgage advice and counseling, as well as, services provided to clients under the Homeownership Entry Level Program (HELP) designed to prepare them for future homeownership.

## CORPORATE SUMMARY

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### Beaufort-Delta District Office:

This District Office supports the communities of: Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk and Ulukhaktok.

### Sahtu District Office:

This District Office supports the communities of: Colville Lake, Deline, Fort Good Hope, Norman Wells and Tulita.

### North Slave District Office:

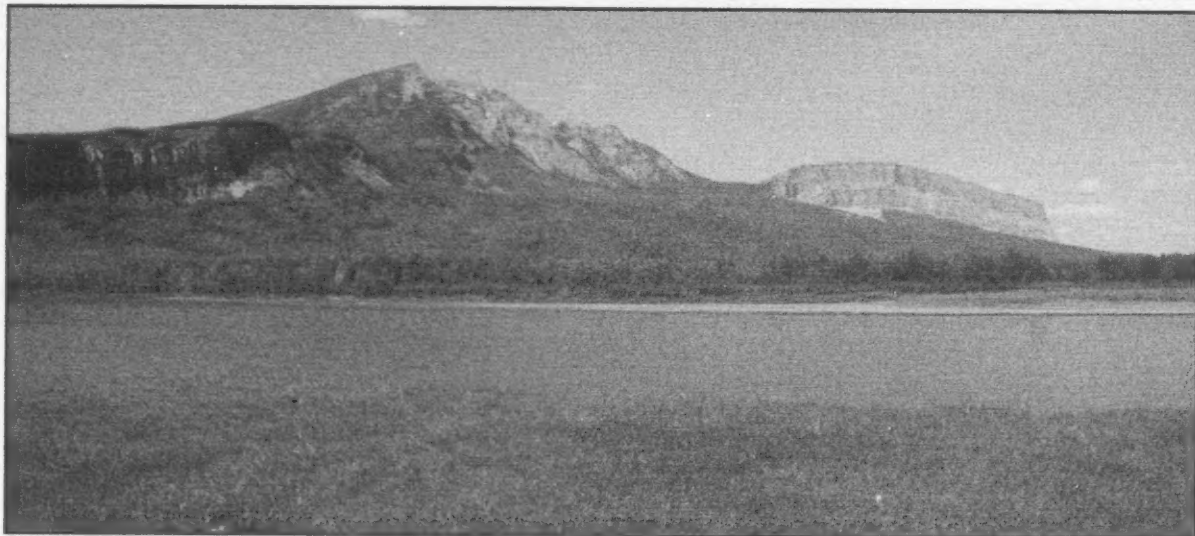
This District Office supports the communities of: Behchoko, Dettah/N'dilo, Gameti, Lutsel K'e, Wekweeti, Whati and Yellowknife.

### South Slave District Office:

This District Office supports the communities of: Enterprise, Hay River, Hay River Reserve, Kakisa, Fort Providence, Fort Resolution and Fort Smith.

### Nahendeh District Office:

This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Trout Lake and Wrigley.



## CORPORATE SUMMARY

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**Local Housing Organizations (LHOs)**, operating as agents of the NWT HC, are responsible for the administration of social housing rental units in the majority of communities across the NWT. This includes public housing units developed under the Social Housing Agreement between the NWT HC and the Canada Mortgage and Housing Corporation. The Public Housing Program is a rental program designed for individuals and families who do not have the financial resources to access shelter on their own. The NWT HC, in partnership with 21 LHOs, administers approximately 2,400 social housing units in 30 communities across the NWT. The LHOs provide, under agreement with the NWT HC, property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. Each local housing organization has an advisory board that oversees operations. The NWT HC's district offices are responsible for these operations in communities where an LHO has not been established.

The following is a list of all LHOs:

- Aklavik Housing Association
- Behchoko Ko Gha K'adèe
- Deline Housing Association
- Fort McPherson Housing Association
- Fort Providence Housing Association
- Fort Resolution Housing Authority
- Fort Simpson Housing Authority
- Fort Smith Housing Authority
- Hay River Housing Authority
- Inuvik Housing Authority
- Lutsel K'e Housing Authority
- Norman Wells Housing Authority
- Paulatuk Housing Association
- Radilih Koe Housing Association
- Sachs Harbour Housing Association
- Tsiigehtchic Housing Association
- Tuktoyaktuk Housing Association
- Tulita Housing Association
- Ulukhaktok Housing Association
- Yellowknives Dene Band
- Yellowknife Housing Authority



## **NWTHC PROGRAMS**

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In the GNWT's strategic plan, Northerners Working Together, one of the priorities outlined is the goal of sustainable, vibrant and safe communities. The NWTHC's programs are essential pieces in supporting the GNWT's efforts to improve the quality of life for its residents. Our programs and services should facilitate access to housing that NWT residents can afford, meet suitability standards, and provide housing that is adequate to meet residents' needs. In addition, our programs and services should provide easy access for clients and promote greater personal responsibility for housing through community-based training and support. It is also important to acknowledge the role of partnerships as an essential element in housing; partnerships include NWT residents, all levels of governments and private industry.

### Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWTHC. The NWTHC utilizes management/services agreements with LHOs or community services agents to manage the public housing portfolio. Currently, the NWTHC operates approximately 2,400 public housing units, which are managed by LHOs and community services agents, located in 30 communities throughout the NWT.

On April 1, 2012, the Territorial Housing System went live in all LHOs and NWTHC offices across the NWT. This new information database and reporting system brought the LHOs from a basically manual paper based system to a centralized electronic operating system. This system allows for "real time" information for monitoring and reporting on all aspects of the LHO operations. The in-house development of this system, along with supporting manuals and training, earned the NWTHC Territorial Housing System Development Team the 2012 Premier's Award for Collaboration.

### Market Housing

The NWTHC owns 80 market housing units, and leases 9 market housing units, that it rents to critical staff in non-market communities.

There are 34 other market housing units that receive funding from the NWTHC. These units are owned and operated by community governments or organizations to meet the housing needs of education and health care professionals. The funding received from the NWTHC is to assist with the continued operation and maintenance of those units to provide accommodation to professionals in the community.

### Transitional Rent Supplement Program

On September 1, 2012, the NWTHC launched a new rent assistance program call the Transitional Rent Supplement Program (TRSP). The TRSP is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their household income towards rent on the private market for accommodations. This program fills an important gap in assisting working families challenged by affordability issues.

### Homeownership

The NWTHC provides an opportunity for NWT residents to access government support through its Housing Choices programming for the purchase of a modest private home, to repair their homes, or access to a program that allows them to experience the commitments required to be a successful homeowner.

## NWTHC PROGRAMS

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*Housing Choices* is a suite of homeownership programs offered to residents of the Northwest Territories. The simplified structure of the five programs offers flexible delivery options, is more accessible to NWT residents and also meets the needs of special interest groups. Housing Choices uses education and counselling to help residents not only to become more independent but also to assist them in becoming successful homeowners.

The yearly program application intake provides an excellent opportunity for discussion between NWT residents and NWTHC representatives. One-on-one discussions between residents and staff of the NWTHC is necessary in order to explore program requirements, help individual(s) in identifying their housing needs and to determine the best program that will fit an individual's or a household's needs.

The following housing programs help us to collectively achieve our goals to improve housing in the NWT.

The programs offered through Housing Choices are:

- Solutions To Educate People (STEP)
- Homeownership Entry Level Program (HELP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Securing Assistance For Emergencies (SAFE)

### STEP

STEP provides education and counselling assistance consisting of four courses designed to prepare participants for the requirements of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as, their knowledge of the home purchase process and basic home maintenance repairs.

NWT residents can also participate in STEP. Although priority is given to applicants/clients, space permitting, residents can sign up for the courses through their District Offices.

### HELP

HELP provides assistance to prospective first-time homebuyers. Clients who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners are provided the opportunity of experiencing homeownership commitments before purchasing a home.

Assistance is provided through a lease on a NWTHC home to the eligible applicant(s). The applicant(s) pay 20% of their gross income toward the lease (rent) payment and shelter costs (power, water delivery, etc). After successfully completing a two-year lease (rental) period the tenant(s) is (are) eligible to receive an equity contribution that would be used towards the purchase of a home.

### PATH

PATH allows clients the opportunity to become homeowners by assisting in the construction or purchase of a modest home. Clients obtain additional funding from an approved financial institution or other verifiable sources. Assistance is provided in the form of a forgivable loan offered in increments based on eligibility. Levels of assistance range from \$10,000 and \$125,000. The forgiveness period of the loan is dependent on the amount of assistance provided. Additional assistance is available for improving the accessibility of dwellings for persons with disabilities.

## **NWTHC PROGRAMS**

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### CARE

CARE assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the remaining economic life of their home. Additional assistance is available for improving the accessibility of dwellings for persons with disabilities. Assistance from between \$10,000 up to \$90,000 is provided in the form of a forgivable loan to subsidize the cost of preventative maintenance checks, repairs and renovations for their existing home. The forgiveness period is dependent on the amount of assistance being provided.

CARE also provides assistance for preventative maintenance and minor repairs. Clients can apply for up to \$3,000 annually and can apply for this support on a year-round basis.

### SAFE

SAFE is designed to assist eligible homeowners with emergency repairs to their private home based on a partnership model (co-payment) between the NWTHC and the homeowner.

### Partnership with Canada Mortgage and Housing Corporation

The NWTHC partners with CMHC for the delivery of federal housing programs. The programs delivered on CMHC's behalf are: the Social Housing Agreement supporting Public Housing and the Investment in Affordable Housing (2011-2014) involving repair programs. The repair programs are: Home Adaptations for Seniors Independence (HASI), the Homeowner Residential Rehabilitation Assistance Program (RRAP), the Emergency Repair Program (ERP) and the Shelter Enhancement Program (SEP). Access and assistance provided under the CMHC programs follow the policies and program requirements as determined by CMHC.

### HASI

The Home Adaptations for Seniors Independence provides financial assistance to clients to carry out minor home adaptations to live independently and safely.

### RRAP

The Residential Rehabilitation Assistance Program provides financial assistance to lower-income homeowners needing to repair their homes to a minimum level of health and safety.

### ERP

The Emergency Repair Program assists clients with emergency repairs for the safe occupancy of their homes.

### SEP

The Shelter Enhancement Program provides financial assistance for repair and improvements to sponsors of shelters for victims of family violence. This could include funding for repair/rehabilitation/improvements to existing shelters to an acceptable level of health, safety and security for occupants and accessibility for persons with disabilities.



# NWTHC PROGRAM DELIVERY IN A SNAPSHOT

## Major and Minor Capital Spending

Overall, the NWTHC provided housing programs at a value of \$26,833,000 in fiscal year 2012-2013.

The following chart reports the programs and financial assistance under major and minor capital provided to NWT residents by the NWTHC during fiscal year 2012-2013. The data is presented as a breakdown by regional basis and territorial wide then follows with amount of approved applications for homeownership programs offered through the NWTHC.

### Beaufort-Delta District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$1,511,000
Major Retrofits	\$1,474,000
Minor Repairs	\$1,849,000
<i>Homeownership Programs</i>	
Construction of New Units	\$638,000
Repair	\$1,549,000
Other Capital*	\$485,000
<b>Total</b>	<b>\$7,506,000</b>

### Nahendeh District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$705,000
Major Retrofits	\$125,000
Minor Repairs	\$445,000
<i>Homeownership Programs</i>	
Construction of New Units	\$203,000
Repair	\$1,903,000
Other Capital*	\$108,000
<b>Total</b>	<b>\$3,489,000</b>

### North Slave District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$6,449,000
Major Retrofits	\$1,347,000
Minor Repairs	\$1,043,000
<i>Homeownership Programs</i>	
Construction of New Units	-
Repair	\$1,238,000
Other Capital*	\$34,000
<b>Total</b>	<b>\$10,111,000</b>

### Sahtu District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$18,000
Major Retrofits	\$432,000
Minor Repairs	\$993,000
<i>Homeownership Programs</i>	
Construction of New Units	-
Repair	\$805,000
Other Capital*	\$38,000
<b>Total</b>	<b>\$2,286,000</b>

### South Slave District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	-
Major Retrofits	\$1,311,000
Minor Repairs	\$1,185,000
<i>Homeownership Programs</i>	
Construction of New Units	\$9,000
Repair	\$1,601,000
Other Capital*	\$34,000
<b>Total</b>	<b>\$4,140,000</b>

### Northwest Territories

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$8,683,000
Major Retrofits	\$4,689,000
Minor Repairs	\$5,515,000
<i>Homeownership Programs</i>	
Construction of New Units	\$850,000
Repair	\$7,096,000
Other Capital*	\$699,000
<b>Total</b>	<b>\$27,532,000</b>

\* Other Capital includes Warehouses, Computers, Vehicles, and repairs from flooding in the Nahendeh District

# NWTHC PROGRAM DELIVERY IN A SNAPSHOT

## Homeownership Repair Programs

Approved programs offered through the NWTHC in 2012-2013.

### Beaufort-Delta District

Program	Number of Approvals
CARE (under \$3,000)	48
CARE (over \$3,000)	21
PATH	3
HELP	3
SAFE	5
CMHC Programs	11
<b>Total</b>	<b>91</b>

### Nahendeh District

Program	Number of Approvals
CARE (under \$3,000)	17
CARE (over \$3,000)	12
PATH	0
HELP	3
SAFE	4
CMHC Programs	30
<b>Total</b>	<b>66</b>

### North Slave District

Program	Number of Approvals
CARE (under \$3,000)	56
CARE (over \$3,000)	30
PATH	1
HELP	2
SAFE	1
CMHC Programs	6
<b>Total</b>	<b>96</b>

### Sahtu District

Program	Number of Approvals
CARE (under \$3,000)	2
CARE (over \$3,000)	9
PATH	1
HELP	1
SAFE	1
CMHC Programs	6
<b>Total</b>	<b>20</b>

### South Slave District

Program	Number of Approvals
CARE (under \$3,000)	6
CARE (over \$3,000)	32
PATH	2
HELP	7
SAFE	7
CMHC Programs	22
<b>Total</b>	<b>76</b>

### Northwest Territories

Program	Number of Approvals
CARE (under \$3,000)	129
CARE (over \$3,000)	104
PATH	7
HELP	16
SAFE	18
CMHC Programs	75
<b>Total</b>	<b>349</b>

# NWTHC PROGRAM DELIVERY IN A SNAPSHOT

## Public Housing Program

Expenditures for the Public Housing Program in 2012-2013 totalled approximately \$45,500,000. Public Housing refers to public programs that provide income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed Partnership Agreements with LHOs to manage the Public Housing portfolio. The Partnership Agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT. Currently the NWTHC operates approximately 2400 Public Housing units located in 30 communities throughout the NWT, which are managed by LHOs and community service agents.

### Beaufort-Delta District

Public Housing	Results
Number of Units	882
Expenditures	\$19,355,216
Tenant Assessed Rent	\$2,207,885
Collection Rate	86%

### Nahendeh District

Public Housing	Results
Number of Units	124
Expenditures	\$1,845,691
Tenant Assessed Rent	\$319,585
Collection Rate	77%

### North Slave District

Public Housing	Results
Number of Units	618
Expenditures	\$11,506,606
Tenant Assessed Rent	\$2,289,233
Collection Rate	75%

### Sahtu District

Public Housing	Results
Number of Units	272
Expenditures	\$5,455,244
Tenant Assessed Rent	\$508,248
Collection Rate	106%

### South Slave District

Public Housing	Results
Number of Units	537
Expenditures	\$7,330,956
Tenant Assessed Rent	\$1,020,303
Collection Rate	106%

### Northwest Territories

Public Housing	Results
Number of Units	2,433
Expenditures <sup>1</sup>	\$45,493,713
Tenant Assessed Rent	\$6,345,254
Collection Rate <sup>2</sup>	87%

<sup>1</sup> See Note 14 in Notes to Consolidated Financial Statements

\* Repairs, Maintenance and Improvement portion of maintenance and other costs and interest on long term debt are not included in above data.

<sup>2</sup> The Collection Rate is calculated using actual collections divided by the Tenant Assessed Rent. Collections includes payments on rental arrears, which may result in collections rates over 100%.



## ***PUBLIC HOUSING CONDITION RATINGS***

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Each year, the NWTHC, LHOs, and community service agents, conduct unit condition ratings on NWTHC owned public housing units. This yearly exercise does not apply to units leased from private landlords.

Unit condition ratings provide the NWTHC with valuable information as to the state of its assets. The ratings are one source of information that helps direct the NWTHC on how best to use its scarce financial resources and where best to invest.

The unit condition ratings influence the capital planning process. The yearly capital planning process directs future modernization and improvements (M&I) projects based on the condition of our existing public housing stock. M&Is are done in order to maintain the quality of housing for our tenants.

Condition ratings are also done to determine when older units need to be replaced or to be scheduled for demolition. In addition, the data collected through the unit condition ratings allow a planned approach to mitigate the financial pressures in the longer term while maintaining our assets in good condition. A systematic walk-through inspection is conducted to complete the condition rating of a unit. A standardized condition rating form is used that lists the components that make up the unit. The condition of each component is documented to assist in prioritizing repairs and estimating their cost.

The NWTHC is also implementing a training, monitoring and reporting process so this annual inspection can be utilized as an opportunity for both quality control in ensuring that all LHOs across the NWT are completing the inspections consistently as per NWTHC guidelines and a training opportunity where required. Each LHO will have a minimum of three condition ratings reviewed and submitted to the Infrastructure Division by December 31 of each year with a summary report compiled by January 31 of each year.

Units with low condition ratings undergo a more detailed evaluation. The evaluation is to determine whether there exists a cost benefit to investing further dollars to modernize and improve the unit to extend its useful life for a further 15 years. Once the analysis is completed, it may show that it may be best to dispose of the unit and replace it.

The NWTHC plans for a 50 year life at construction time for its units with two major renovation/repair milestones; the first at 20 years and the second at 35 years. As well, regular maintenance is performed on its public housing assets.

The table provides a snapshot of the condition of the public housing stock for the fiscal year 2012-2013. Unit condition ratings are finalized in the month of October of each year.

# PUBLIC HOUSING CONDITION RATINGS

## 2012 - 2013 Unit Condition Rating Summary (As of March 31, 2013)

	Under 60%	60% - 69%	70% - 79%	80% - 89%	90% - 100%	UCR's Completed
<b>Beaufort Delta</b>						
Aklavik	10	10	20	32	60	132
Fort McPherson	0	2	3	19	98	122
Inuvik	13	51	56	61	22	203
Paulatuk	0	3	9	23	22	57
Sachs Harbour	0	0	0	10	11	21
Tsiigehtchic	0	0	1	12	10	23
Tuktoyaktuk	22	39	44	20	38	163
Ulukhaktok (Holman)	1	7	26	50	8	92
<b>Beaufort Delta Total</b>	<b>46</b>	<b>112</b>	<b>159</b>	<b>227</b>	<b>269</b>	<b>813</b>
<b>Nahendeh</b>						
Fort Liard	3	1	1	2	16	23
Fort Simpson	0	4	15	26	39	84
Jean Marie River	0	0	0	0	1	1
Nahanni Butte	0	0	0	0	0	0
Trout Lake	0	0	0	0	1	1
Wrigley	0	0	0	0	8	8
<b>Nahendeh Total</b>	<b>3</b>	<b>5</b>	<b>16</b>	<b>28</b>	<b>65</b>	<b>117</b>
<b>North Slave</b>						
Behchoko (Edzo)	0	0	0	0	0	0
Behchoko (Rae)	19	42	37	34	34	166
Dettah	0	0	0	11	26	37
Gameti (Rae Lakes)	0	2	9	4	4	19
Lutsel K'e	0	5	13	14	3	35
N'dilo	0	0	1	6	16	23
Wekweeti	0	0	0	1	0	1
Whati	0	8	7	8	2	25
Yellowknife	2	15	20	20	126	183
<b>North Slave Total</b>	<b>21</b>	<b>72</b>	<b>87</b>	<b>98</b>	<b>211</b>	<b>489</b>
<b>Sahtu</b>						
Colville Lake	0	0	0	0	0	0
Deline	32	23	9	6	9	79
Fort Good Hope	1	1	4	3	31	40
Norman Wells	2	10	12	6	3	33
Tulita	0	1	7	52	14	74
<b>Sahtu Total</b>	<b>35</b>	<b>35</b>	<b>32</b>	<b>67</b>	<b>57</b>	<b>226</b>
<b>South Slave</b>						
Enterprise	0	0	0	0	0	0
Fort Providence	0	2	4	21	82	109
Fort Resolution	1	6	14	24	38	83
Fort Smith	2	4	22	25	93	146
Hay River	2	10	27	35	75	149
Kakisa	0	0	0	0	0	0
K'atlodeeche First Nation (Hay River Reserve)	0	0	1	0	0	1
<b>South Slave Total</b>	<b>5</b>	<b>22</b>	<b>68</b>	<b>105</b>	<b>288</b>	<b>488</b>
<b>Grand Total</b>	<b>110</b>	<b>246</b>	<b>362</b>	<b>525</b>	<b>890</b>	<b>2133</b>
<b>Percentages</b>	<b>5.2%</b>	<b>11.5%</b>	<b>17.0%</b>	<b>24.6%</b>	<b>41.7%</b>	<b>100.0%</b>

Note: Approved Surplus and Pending Surplus have been removed from this summary



## BUILDING FOR THE FUTURE

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On April 16, 2012, the Northwest Territories Housing Corporation released *Building for the Future: Northern Solutions for Northern Housing*, the strategic framework for housing in the Northwest Territories.

The framework was developed based on the information gathered during the Shelter Policy Review that was conducted by the Government of the Northwest Territories, led jointly by the NWT HC and the Department of the Executive. The Shelter Policy Review was completed in early 2012.

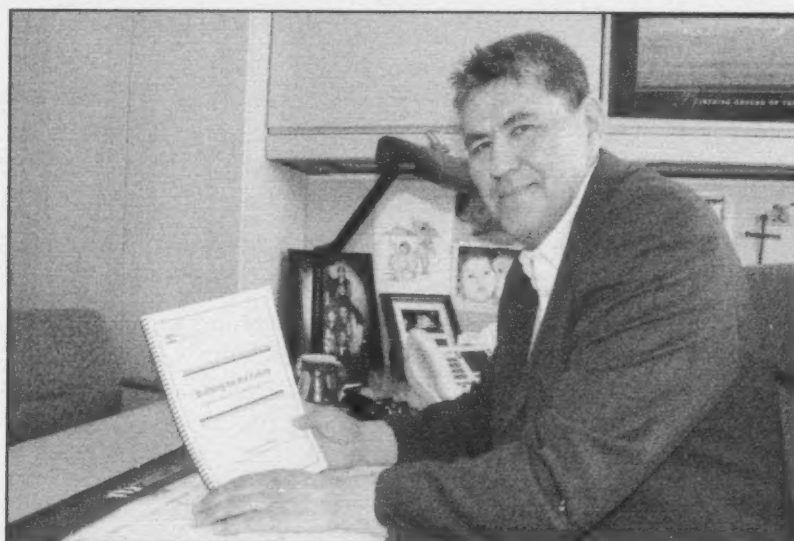


This review involved a broad examination of the delivery of housing programs and services, a significant amount of public engagement, an independent evaluation of the *Housing Choices* homeownership programs offered by the NWT HC and a public housing rent scale review.

*Building for the Future* outlines the many specific strategic priorities and actions that lead the NWT HC's approach to the delivery of housing programs and services to NWT residents over the coming years. These actions build on previous investments and initiatives already in place; recognize the difference between market and non-market communities in the NWT; and are intended to strengthen the ability of residents to be more self-sufficient in meeting their own shelter needs.

Housing is a critical part of everyone's life. The eight priorities and specific actions listed below will help the NWT HC, our partners and our residents advance our collective priority for adequate, suitable and affordable housing. While it will take some time to address all of the work outlined in *Building for the Future*, the NWT HC has already improved the housing situation for many NWT residents with the release of its 2012 public housing rent scales, the introduction of the Securing Assistance For Emergencies, the Transitional Rent Supplement Program, and revised mortgage balances.

The NWT HC is confident that through working with residents and other stakeholders we can improve housing conditions in the NWT and meet the challenges related to housing in the north. If you are interested in reviewing a copy of *Building for the Future: Northern Solutions for Northern Housing*, an electronic copy can be found on the NWT HC website at <http://www.nwthc.gov.nt.ca/>.



## **Building for the Future Strategic Priorities and Actions**

### *Strengthening Public Housing*

- Develop and implement a new public housing rent scale.
- Continue to address quality issues and modernize the public housing stock.

### *Improving Homeownership Supports*

- Strengthen homeownership support programs to increase the benefits of homeownership, particularly in non-market communities.
- Expand availability and target repair programs to help homeowners address high rates of adequacy problems.

### *Increasing Housing Options in Non-Market Communities*

- Increase the availability of housing for rent in non-market and emerging market communities.

### *Improving Housing Services*

- Improve overall awareness, skills, and opportunities for residents to support their own shelter needs.
- Ensure delivery of housing services are seamless and delivered effectively and efficiently.

### *Strengthening the Approach to Homelessness and Transition Housing*

- Ensure there is coherence and balance in the GNWT approach to homelessness and support for transition housing.

### *Addressing Housing Challenges for the Working Poor*

- Address affordability challenges for lower income households in market rentals.

### *Developing Infrastructure Solutions Based on Individual and Community Needs*

- Ensure an effective approach to infrastructure that supports the overall policy objectives related to shelter.

### *Addressing the Declining Federal Funding*

- Develop approaches that will provide for an adequate and stable level of funding for the delivery of the public housing program.



## NEW PUBLIC HOUSING RENT SCALES

Many common themes came out of the Shelter Policy Review process; one of the most critical was the call for a revised Public Housing Program rent scale. As a result, the NWT HC introduced a new public housing rent scale on July 1, 2012.

The rent scale is designed to help improve the cost of living in NWT communities, lessen dependency on government programs while encouraging self-reliance and personal responsibility, and addressing the disincentive to work.

Some of the key elements of the scale include:

- Rent is based on the household's gross income.
- Seniors receive up to a \$1,000 per month deduction from their income.
- No household pays less than \$70 per month or more than \$1,625 in rent.
- For people at the minimum rent, rent is about 4% of their income while the maximum rent is about 19.5% of income which is much lower than the 30% affordability standard.
- The rent scale reduces variability in rent as small changes in income due to short-term employment, per diems, or other short-term payments may not result in a change in rent.
- The rent scale increases consistency between communities as rent is the same at various income levels in communities with similar cost of living.

The new rent scale applies to approximately 2,400 public housing units currently operated by the NWT HC.

The New Public Housing Rent Scale by Gross Monthly Household Income:

Monthly Income	Monthly Rent		
	Zone A	Zone B	Zone C
< \$1,667	\$80	\$75	\$70
\$1,667 - \$2,499	\$160	\$150	\$140
\$2,500 - \$3,749	\$365	\$345	\$325
\$3,750 - \$4,999	\$610	\$580	\$555
\$5,000 - \$6,674	\$890	\$845	\$790
\$6,675 - \$8,333	\$1,295	\$1,230	\$1,155
\$8,334 or More	\$1,625	\$1,545	\$1,445

Zone A Communities: Yellowknife, Hay River, Fort Smith, Inuvik, Norman Wells, and Fort Simpson.

Zone B Communities: Dettah/N'dilo, Hay River Reserve, Enterprise, Behchoko, Fort Liard, Fort Providence, Kakisa, Jean Marie River, Nahanni Butte, Fort Resolution, Gameti, Whati, Trout Lake, Wekweeti, and Wrigley.

Zone C Communities: Fort McPherson, Tsiigehtchic, Tulita, Lutsel K'e, Aklavik, Tuktoyaktuk, Deline, Fort Good Hope, Paulatuk, Sachs Harbour, Ulukhaktok, and Colville Lake.



## SECURING ASSISTANCE FOR EMERGENCIES

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The NWTHC launched a new repair program called Securing Assistance For Emergencies (SAFE) on August 1, 2012. The SAFE program strengthens homeownership supports by revising the approach to repair programs by supporting homeowners in fulfilling their responsibilities in maintaining their homes.

SAFE is designed to assist eligible homeowners with emergency repairs to their private home. The aim of the program is to provide financial and technical assistance based on a partnership model (co-payment) between the homeowner and the NWTHC. Emergencies are repairs that are required, on an immediate or very short term basis, for the safe occupancy of a resident's home.

Applications are received by NWTHC continuously on a year-round basis. A household's income and financial ability are some of the evaluation points used to assess potential assistance to homeowners. A welcomed feature of the new SAFE program is that assistance under the program can be received more than once throughout the year with a total of up to \$10,000 in government funding available annually. For homeowners, this has improved the frequency that emergency repair assistance can be sought.

The NWTHC also provides extensive one-on-one counselling during the SAFE application process. During counselling, homeowners have the opportunity to add to their knowledge of homeowner responsibilities and perhaps, refresh their knowledge of the importance of home maintenance.



## TRANSITIONAL RENT SUPPLEMENT PROGRAM

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The strategic framework that resulted from the Shelter Policy Review, *Building for the Future*, identified a number of priority areas for actions. One of those priorities is to address the difficulties that families have in paying rent at the market rate. In response, on September 1, 2012, the NWTHC launched its new rent assistance program called the Transitional Rent Supplement Program (TRSP) to address these affordability challenges. The TRSP is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their income (gross) towards rent in market housing, but have an income level too high to qualify for public housing.

Many of these families are in a state of transition including: moving to a new community and new job; completing their education; and/or moving into the workforce. These households may also be single-parent families. The 2009 NWT Community Survey identified that affordability is a housing problem for 65% of market rental households with less than \$60,000 annual income.

Northwest Territories residents interested in TRSP meet with Programs Advisors and receive one-on-one counseling, as well as, information about the obligations and responsibilities of the program. If accepted, applicants must complete a budgeting course offered under the Solutions To Educate People (STEP) within the first 6 months of receiving assistance. The required STEP course allows clients to understand the importance of managing their money through budgeting. STEP education modules aim to increase Northerners financial skills, knowledge of the home purchase process and basic home maintenance repairs.

## TRANSITIONAL RENT SUPPLEMENT PROGRAM

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Under TRSP, rent payment assistance is based on household income and up to \$500 per month is provided directly to the approved landlords. Financial assistance under this program may be for up to a two year period. Applications are evaluated on a first come, first serve basis. Residents may make an application at any time during the year. Since its launch in September 2012 to end of fiscal year 2012-2013, the NWTHC has approved 33 applications.

As addressing housing needs is a priority of the 17th Legislative Assembly, the TRSP was developed and implemented to assist with meeting the housing needs of this segment of the NWT population. *Building for the Future: Northern Solutions for Northern Housing*, NWTHC's strategic framework supports the 17th Legislative Assembly's vision and priorities. The implementation of TRSP is an action under the *Building for the Future* priority of addressing affordability challenges for working families.

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## HOMELESSNESS SUPPORTS

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Homelessness is a complex issue in which all segments of society need to work together to create effective and sustainable strategies and solutions. On April 1, 2012, the NWTHC assumed lead responsibility for coordinating the efforts of the GNWT on homelessness. This includes the coordination and administration of the Small Communities Homelessness Fund (SCHF) and the Homelessness Assistance Fund (HAF). The two initiatives are strategies that form part of the GNWT's Homelessness Framework Strategy. The GNWT recognizes that one of the most effective ways to address homelessness is to support community driven initiatives which provide effective solutions to complicated issues. The NWTHC demonstrates its commitment to supporting the priorities of the 17th Assembly to strengthening homelessness and transitional housing initiatives, such as the BETTY House.

### Small Communities Homelessness Fund

The SCHF provides financial support for projects in communities outside of Yellowknife to address shelter and support needs for people that are homeless or at risk of becoming homeless. The NWTHC changed the parameters of the program enabling organizations to apply for multi-year funding where before funding was only provided for a single year for start-up projects. Projects are supported for two purposes:



Emergency and/or Transitional Shelter Options Projects – Projects (to a maximum of \$40,000) that involve providing board or lodging services to meet the personal needs of people experiencing homelessness or are at risk of homelessness. Demonstrating local capacity and working in partnerships with other community organizations to provide shelter options is also important. The fund is flexible and may be used to support minor upgrades, a portion of the operating and building costs for the facility, or a combination of both.

## HOMELESSNESS SUPPORTS

Homelessness Support Projects – Other projects (to a maximum of \$10,000) related to addressing community homelessness issues including provision of services like food programs, community planning, supplies to support individuals, and fees for accommodation and other projects identified by communities that address their specific needs.

Each year, a call for proposals is issued to non-government organizations, community and Aboriginal governments to submit their projects for SCHF funding. All projects received are considered and evaluated on established criteria.

In the 2012-2013 fiscal year, the NWTHC partnered with 13 community organizations, supporting them to deliver homelessness support services under SCHF:

Community Partner	Project
Aklavik Indian Band	Provide meals to homeless and those without supports
Community Garden Society of Inuvik	Rental of four garden plots and administrative costs
Deh Cho Friendship Centre	Food bank services for homeless or in danger of becoming homeless
Define First Nation	Soup kitchen and food voucher program
Hamlet of Fort McPherson	Soup kitchen and snack/activity program
Hay River Committee for Persons with Disabilities	Provision of meals, emergency shelter vouchers and emergency personal supplies
Hay River - The Soup Kitchen	Start-up of Food Rescue program - wiring of c-can, shelving and two freezers
Ingamo Hall Friendship Centre	Day Shelter with meals and snacks
Inuvik Homeless Shelter	Soup Kitchen
Liidlii Kue First Nation	Soup Kitchen
Rae Edzo Friendship Centre	Soup Kitchen
Salt River First Nation	Shelter meals for homeless
Ulukhaktok Community Corporation	Food bank

### Homelessness Assistance Fund

The HAF provides one time financial support to Northwest Territories residents who are homeless or who are at risk of becoming homeless. The fund addresses two types of expenses; financial assistance for specific costs such as rental arrears, first month's rent; or one-way travel assistance for a person to return to their home community where they will no longer be homeless and supports are available to them. HAF is designed as a last resort for clients who have exhausted all other options available to prevent imminent homelessness. Applications are received on a continuous basis. Consideration and evaluation is undertaken as the applications are received at the NWTHC.

In fiscal year 2012-2013, the NWTHC approved 42 applications under the Homelessness Assistance Fund.

### BETTY House

In support of the community driven initiative to support transitional shelters, the NWTHC signed a Memorandum of Understanding with the City of Yellowknife and the YWCA to contribute nearly \$2.3 million towards the BETTY House (Better Environment To Transition in Yellowknife). The BETTY House is being designed as a transitional housing complex for single women and women with children. When it opens it will be run by the YWCA to fill a gap in the services that are available for single women by providing not only lodging, but support services as well. The facility is scheduled for completion in 2014.



## **PROJECT FEATURE: 19-PLEX IN YELLOWKNIFE**

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A new 19-unit public housing multiplex is being constructed in Yellowknife, providing a safe and warm place for families to live. The construction began in January 2012 and will be completed and ready for occupancy by April 2013.

After consultation with the local housing organization in Yellowknife the need for two-bedroom family units was identified. Nestled close to the heart of the downtown area, these units will replace public housing units whose leases expire in 2013.

The multiplex building is more cost effective, easier to maintain and energy efficient. In its design and construction the NWTHC's minimum energy efficient requirements, which are 25% better than the Model National Energy Code for Buildings (MNECB), have been incorporated. The approach to sustainable design is to reduce resource consumption and create efficiency. Water consumption is reduced through the use of efficient fixtures. Energy consumption is reduced by using high efficiency heating, ventilation heat recovery, energy efficient lighting and appliances and a high insulation factor. The multiplex is a highly insulated building structure, which is well ventilated to prevent the build-up of moisture and potentially mould. The heat recovery ventilation systems, insulation and triple pane windows provide resistance to heat loss, critically important because of the long winter months.

In addition, the NWTHC has incorporated visitable design elements which focus on a thoughtful design layout that will benefit any occupant with mobility challenges (such as needing a wheelchair) and generally improves the overall quality of space. These design features include wider doorways, an elevator, additional clearance in bathrooms and receptacle and light switch mounting heights that make electrical devices more accessible.

The 19-unit public housing multiplex incorporates all the modern amenities with a prime location near downtown and the college, which is also close to all community services.



## CLIENT FEATURE: COLINDA CARDINAL

Owning a home has been a goal that Colinda Cardinal has been able to achieve thanks to her own hard work and assistance from the NWTHC's Homeownership Entry Level Program (HELP) program.

She learned about the programs offered by the NWTHC through word of mouth and posters she had seen around town. "So one day I just applied," said Ms. Cardinal, a life-long resident of Hay River.



Ms. Cardinal filled out an application form and not too long after got a call from the NWTHC district office to come in for an interview. From there, she took part in the Solutions To Educate People (STEP) courses. After completion she was placed in an affordable housing unit through a lease.

"They placed me right away. I didn't have to wait that long," she said. Cardinal was able to live in a housing unit while she waited for the NWTHC to finish building the new home she would be moved into under the HELP Program. "It was brand new and quite beautiful inside."

She rented the affordable housing unit for four years, as part of the HELP program. While the equity portion of the HELP program is available after two years in the program, Cardinal had chosen to stay in the program longer before purchasing her own house as "(I wanted) to make sure all debts were paid and I wasn't over my head."

"I got myself pre-approved at the bank," Cardinal explained. She had taken time to look around at what was available on the market, so she could find a house that was suitable for her and her family. She completed all the STEP courses through the NWTHC before purchasing her home. The house she purchased was inspected by the NWTHC before she moved in with her husband and son on October 1, 2012.

She credits the NWTHC program for her success as a homeowner. She said the courses offered were "very useful."

"I do recommend the Housing Corporation program to people who were in my position," she said. "For me it was a very positive experience."



## STAFF FEATURE: KATE SMITH

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Kate Smith is the Technical Manager for the NWT HC in the Beaufort Delta district office. Smith previously held the position of Technical Architectural Advisor. She is on a two year developmental transfer to the position of manager which started in the fall of 2012.

"I am currently the only female Technical Manager working for the NWT HC," Smith points out.

Smith has worked for the NWT HC for seven years, all of it spent in the Beaufort Delta District Office in Inuvik. Her job entails a lot of different responsibilities, including project management of new construction and renovations. She said she gets to deal with clients and with contractors.

"As a manager, I also do reporting," she said. "I provide information to headquarters."

"It's different every day," Smith said when asked what she enjoys about the job. Adding she likes the fact that she gets to travel to communities for work.

Some of the more difficult aspects of her job include the unique challenges posed by the geography of the region.

"We have three remote marine communities," she said, referring to the communities of Paulatuk, Ulukhaktok and Sachs Harbour. Smith explains that it can be more difficult to get contractors for those communities as they are not very accessible and a contractor is likely not readily available.

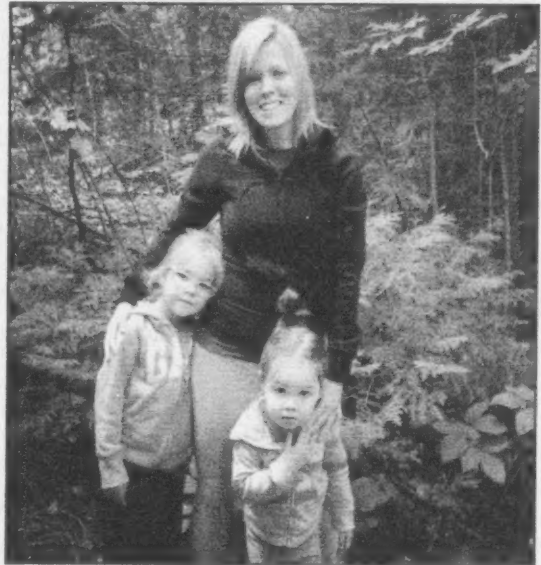
Smith studied Architectural Technology at Sheridan College in Brampton, Ontario.

"The construction industry is very male-dominated. Women who want to be in this field just need to be confident that they are just as qualified to work in this industry as anyone else. More women are getting into this field, which is great."

"I really love what I do and that's what most important. You need to love what you are going to do for the rest of your life."

Smith is originally from Elliot Lake, Ontario. She moved north after finishing her post-secondary studies.

"I moved to the NWT because I thought it would be a great opportunity for me to learn a lot at the beginning of my career," she said. "When I first moved to Inuvik to work for NEAL (Northern Engineers and Architects Ltd.), I only planned on staying for six months to one year, but I fell in love with Inuvik and it has become my home. I plan on staying in the NWT until I retire."



## OFFICE PROFILE: FINANCE AND ADMINISTRATION

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The NWTHC's Finance and Administration Division is located in the organization's headquarters in Yellowknife.

"We are responsible for all financial processing at the end of the day," explains Sheldon Grayston, the Director of the Finance and Administration Division. "(We're) responsible for all the financial reporting."

The responsibilities of the division are vast and at the heart of the organization. Mr. Grayston, who has been with the NWTHC for 22 years, explains that the division has many responsibilities which are not just within the NWTHC. "We do have a good group here. A lot of long-term employees, which we're thankful for," he said.

The division is responsible for development of financial policies. Some of the many other responsibilities include annually consolidating the financial statements of the NWTHC and the LHOs in anticipation of the yearly audit by the Office of the Auditor General.

It also falls on the shoulders of Finance and Administration to oversee the NWTHC's agreements with the Canada Mortgage and Housing Corporation; ensuring NWTHC contributions are received and results reporting are provided to CMHC.

They are responsible for banking relations and investing, as well as, asset management. There are tracking and controls in place to keep track of the NWTHC's assets, such as housing units and vehicles. Part of the asset management practices includes an asset management system that went live on January 7, 2013.

Finance and Administration are involved with processing mortgage payments and management of lease agreements for the Public Housing and affordable housing units which are leased by the NWTHC.

A lot of time is spent working with district employees, "They tell us any concerns they may have so we can update policies," said Grayston. The division has a functional relationship with the districts; it supports the districts with their finances. They also work with the district staff to help them support the financial affairs of the LHOs.

On the horizon for the Finance and Administration Division includes the new challenge of Financial Shared Services, which the Government of the Northwest Territories is moving toward.

"It is a big challenge going ahead," said Grayston. He said it means the role of the division will change, as the tracking of finances will change requiring further training of staff. According to Grayston it will mean "a shift in the way we do business." Financial Shared Services model has already been instituted in the Nahendeh and Beaufort Delta Districts.



## LHO PROFILE: DELINE HOUSING ASSOCIATION

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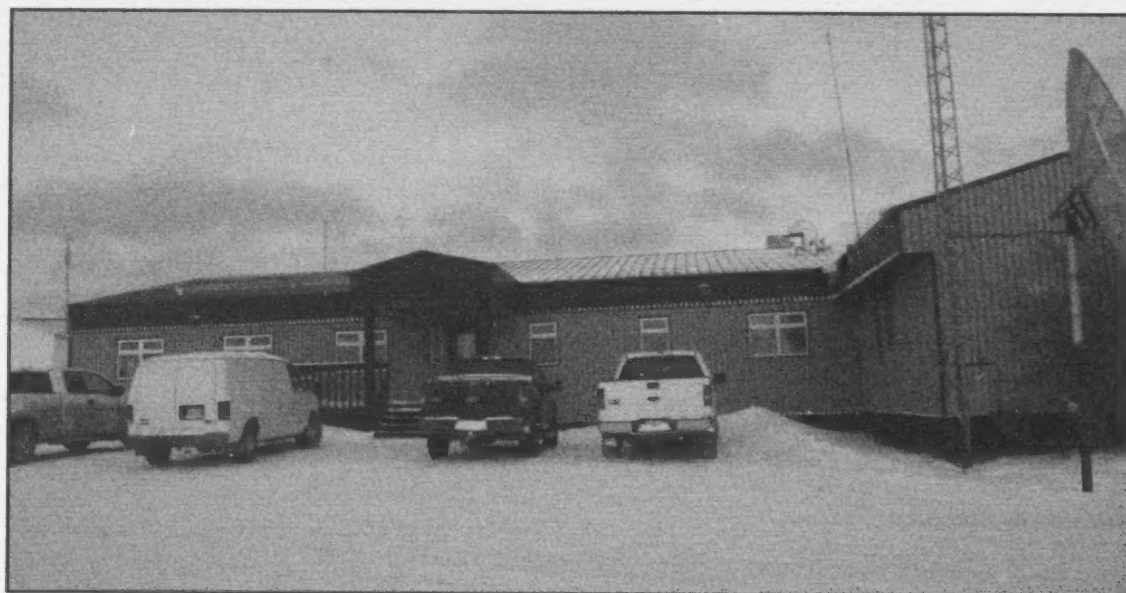
Located in the Sahtu District, the community of Deline, ('Where the water flows') is set on the shores of beautiful Great Bear Lake in the heart of the Northwest Territories.

The Deline Housing Association, with the support of the Sahtu District Office, effectively manages the day-to-day operations, maintenance and administration, including repair programs, condition ratings and intake services, of approximately 103 public housing units and 14 affordable housing units.

Across the Northwest Territories there is an acute shortage of skilled labour, including Deline. The Deline Housing Association strongly supports building community capacity and by utilizing different funding programs such as the NWTHC's Apprenticeship Support Program, focussed on the hiring of apprentices in non-market communities, the Deline Housing Association has hired a Housing Maintainer Serviceman (HMS) apprentice.

In talking to Phebie Kenney, Manager of the Deline Housing Association, she remarks "It helps the community because people will gain the skills that they can teach to a younger generation. It's important to pass it on. We're not just thinking of the training and people needed for today, but for our future as well."

With over one-third of the population residing in social housing the Deline Housing Association has done a tremendous job in with their rent collection rates. Since 2007, rent collection has increased from 58% to 122% in the fiscal year 2012-13. "The Deline Housing Association has worked hard to improve their operation and takes great pride in the accomplishment for doing so", says Phil Bailey, Programs Advisor from the Sahtu NWTHC Office.



## **2012-2013 LONG SERVICE AWARDS**

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### **Five Years**

Susan Bailey, District Comptroller - Nahendeh District Office  
Janet Brown, Materials Management Officer - Infrastructure Services  
Niall Fitzgerald, Service Desk Analyst - Information Systems  
Norah Higden, Administrative Assistant – Infrastructure Services  
Linda Holowaychuk, Land Negotiator – Infrastructure Services  
Paula MacFadyen, Manager - Strategic Planning, Policy and Communications  
Ken Reese, Technical Advisor - Sahtu District Office  
John Robson, Manager Design Development - Infrastructure Services

### **Ten Years**

Suzanne Desfosses, District Director - South Slave District Office  
Neil Phillips, Technical Manager, Nahendeh District Office

### **Fifteen Years**

Kevin Brooks, Portfolio Management Officer - Finance and Administration  
Franklin Carpenter, Vice-President - Programs and District Operations  
Lisa Maurice, Finance Officer - South Slave District Office

### **Twenty Years**

Judith Craig, Administrative Assistant – Programs and District Operations

### **Twenty-Five Years**

Betty Hardisty, Program Advisor - Nahendeh District Office  
David Stewart, President and CEO - Executive Office

### **Thirty Years**

Mel Lafferty, Purchasing Manager – Infrastructure Services





***APPENDIX A:***  
***MANAGEMENT DISCUSSION AND ANALYSIS***  
***FISCAL YEAR 2012-2013***



# MANAGEMENT DISCUSSION AND ANALYSIS

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## Fiscal Year 2012-2013

### Highlights

A focus for the 2012-13 fiscal year was the release of the Northwest Territories Housing Corporation's Strategic Framework, *Building for the Future – Northern Solutions for Northern Housing*. This framework outlined strategic priorities and actions that provides the foundation on which the NWT HC continues to build and strengthen the delivery of housing programs, services and supports to those in need. Our collective priority is to improve housing conditions, which is in alignment with the goals and priorities established by the 17th Legislative Assembly. *Building for the Future* has proposed new programming and services where gaps were identified in meeting the housing needs of Northwest Territories residents across the spectrum, from homelessness to homeownership; and are intended to strengthen the ability of residents to be more self-sufficient in meeting their own shelter needs.

This year marked a period of many changes to the NWT HC's program delivery. The NWT HC has initiated several of the actions outlined in the framework in the fiscal year 2012-13. In July 2012, the public housing rent scales were implemented. In addition, two new programs were added to the NWT HC's housing options; *Securing Assistance For Emergencies* in August 2012 and the *Transitional Rent Supplement Program* in September 2012.

Moving forward into the next fiscal year and in keeping with the priorities set out in the framework the NWT HC plans to continue to:

- Strengthen public housing by addressing housing quality issues and modernize the public housing stock.
- Strengthen homeownership supports by expanding the pool of potential clients (focussing on clients with a good chance of success) and developing program design that supports community sustainability and reflects the cost of living in non-market communities.
- Develop and implement repair program approaches that increase access, reduce administration burdens associated with preventative maintenance, and ensure support reflects capacity, cost of living and other factors that exist in NWT communities.
- Increase the availability of rental housing in non-market and emerging market communities, which includes building multiplex units, partnerships with developers and focussing on communities with a high demand for housing for teachers, nurses and other critical employees.
- Improve overall awareness, skills and opportunities for residents to support their own shelter needs by enhancing access to programs that offer education and training on home maintenance and repairs, improving communication activities and developing options related to providing housing assessments for homeowners in non-market communities.
- Reviewing the relationship between the NWT HC with LHOs and other community partners.
- Strengthening the approach to Homelessness and Transitional Housing by working to achieve a more integrated case management approach in collaboration with the Social Envelope departments, ensuring consistency and improving the overall GNWT coordination for funding organizations that provide these services.
- Ensuring an effective approach to infrastructure that supports the overall policy objectives related to shelter including supporting actions that ensure that there is an adequate supply of lands to build housing infrastructure, and undertaking initiatives that support training and education.
- Develop approaches that will provide for an adequate and stable level of funding for the delivery of the public housing program which includes working with the federal government and other provinces and territories to develop a sustainable approach to funding social housing.
- Engage in energy initiatives such as solar energy projects, eco-energy retrofits for public housing units and a bio-mass pilot project involving the installation of wood pellet boilers.

## MANAGEMENT DISCUSSION AND ANALYSIS

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- Continue to collaborate with its partners in Yukon and Nunavut to urge Canada Mortgage and Housing Corporation (CMHC) of the need for a new approach to Northern Housing that includes long-term sustainable funding allocated according to need rather than per-capita, and includes funding for operation and maintenance.

### Managing Risk / Pressures

Although the NWT HC has accomplished much over the 2012-13 fiscal year and has an ambitious agenda of how it will move forward, there are both external and internal pressures and risks that impact how the NWT HC does business. In response to these challenges (which will be discussed further below) the NWT HC has employed various mitigation strategies to help offset, to the extent possible, these risks.

#### *Declining CHMC Funding*

Federal funding for Operations and Maintenance of Public Housing units has already begun declining. By 2038, all federal funding for Public Housing will cease completely and it will become the sole responsibility of the provinces and territories to shoulder the financial burden of this essential social program. The NWT HC is currently the Chair of the Provincial -Territorial Housing Forum and leads the inter-jurisdictional efforts to engage the federal government in meaningful discussion regarding sustainable housing.

As established within the priorities outlined in the Building for the Future, the NWT HC continually implements capital plans that improve the quality and energy-efficiency of Public Housing units to mitigate increasing utility costs. These capital considerations include the continuation of EnerGuide for Housing (EGH) 80 energy efficiency design standards for retrofits and new units. Also, new construction for the replacement of aging single detached Public Housing is almost exclusively multi-unit buildings, resulting in lower consumption of heating fuel. An additional mitigation strategy that the NWT HC plans to explore is the expansion of the market rent program to house critical staff in communities such as teachers, nurses and the RCMP to not only increase the availability of market housing, but also to increase overall corporate revenue.

#### Increase in Core Need (Quality of Housing and Affordability)

The level of core need in the NWT according to the 2009 NWT Community Survey is approximately 19%. To assist in addressing this situation the NWT HC has continued the allocation of funding under its capital plan towards the replacement or retrofit of the older public housing units. In accordance with the priorities in the strategic framework, the NWT HC introduced the Transitional Rent Supplement Program to address housing challenges of the working poor and the Securing Assistance For Emergencies repair program providing access to emergency repairs for low-income households in addition to the homeownership and repair programs already offered. To support and strengthen homelessness and transitional housing the NWT HC signed a Memorandum of Understanding (MOU) with the City of Yellowknife and YWCA to contribute nearly 2.3 million dollars towards the construction of the BETTY House, a transitional housing complex being built for single mothers and their children.

# **MANAGEMENT DISCUSSION AND ANALYSIS**

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## Increased Utility Costs

The sheer remoteness, a small population spread over a large landmass, and the growing scarcity of resources such as natural gas and oil has helped to drive up the cost of utilities in the NWT. In response, the NWTHC has improved energy efficiency by ensuring that all new housing designs comply with the EGH 80 rating. All major retrofits of public housing units have also been targeted to be as close to the EGH 80 rating as possible. Multiplex units rather than fully detached units continue to be the standard of construction as they are more cost effective and energy efficient to operate and maintain.

## Land Development Issues

The availability of land for both current housing construction projects and future ones is an ongoing challenge. The NWTHC continues to work with community governments to identify and develop suitable land for residential construction.

## Local Housing Organizations

A few LHOs have had some challenges in collecting rent from public housing tenants, resulting in accumulated tenant arrears and a loss of revenue that impacts the LHO's ability to perform its operations, maintenance and program administration of the housing programming. Working in collaboration with the LHOs, the NWTHC has increased support to enhance rent collections and the implementation of Deficit Management Plans to control expenditures. The implementation of the new Territorial Housing System (THS), an information database and reporting system, will give the NWTHC the ability to monitor the operations of the LHO's more effectively in areas related to tenant matters, unit allocations, and arrears management. It will also ensure reliable data reporting, enabling the NWTHC to identify areas in the public housing program where operations, policies, and procedures can be improved.

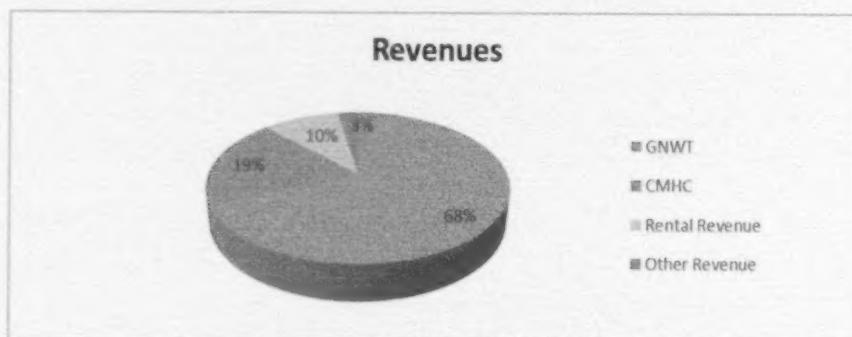
## **Financial Results**

### Revenues

The total revenues for the Corporation in 2012-2013 were \$97.7 million, a decrease of \$3.4 million from the previous year's total of \$101.1 million. Government funding, from the GNWT and our Federal housing partner, the Canada Mortgage and Housing Corporation (CMHC), were reduced from \$88.4 million to \$85.6 million. With the adoption in fiscal year 2012-2013 of PS 3410 – Government transfers, contributions for the acquisition of tangible capital assets are no longer deferred and recognized as government funding on the same basis as the asset is amortized. For reporting purposes this accounting change has been applied retroactively without restatement. Notwithstanding the impact of the change in accounting policy, net government funding increased by \$2.5 million over the 2011-2012 amount of \$83.1 million. This is the result of an increase of \$3.4 million in GNWT funding offset by a decrease in CMHC funding of \$0.9 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

Revenue generated from operations amounted to \$12.1 million in 2012-2013, a decrease of \$0.7 million over the \$12.8 million in revenue generated in 2011-2012. This is due primarily to a decrease in the recoveries from mortgages of \$1.3 million and a decrease in the gain on disposal of investments of \$0.6 million, offset by an increase of \$0.7 million in the unsubsidized portion of rent revenue (tenant portion) received from public housing and homeownership rental programs, which amounted to \$9.5 million in 2012-2013. There was also an increase of \$0.5 million in miscellaneous revenue and recoveries.



### Expenses

The Corporation's total operating expenditures for 2012-2013 were \$98.4 million, a 6.0% increase over the previous year (2011-2012 - \$92.8 million). The costs of operating the public housing program increased by 12.1% to \$52.7 million, due primarily to an increase of \$3.4 million in expenditures on repairs and maintenance activities, as well as an increase of \$1.7 million in utilities, taxes and land lease costs. These public housing programs costs continue to be the largest part of the Corporation's budget and represents 53.6% of the annual operating expenditures of the Corporation.

Rental housing expenditures on utilities, taxes and land leases were \$22.9 million in 2012-2013, a 8.0% increase over the \$21.2 million spent in 2011-2012. The ever increasing operating costs related to the Corporation's public housing programs and the ongoing decline in CMHC funding towards these operating costs continues to be an issue for the Corporation and requires the Corporation to limit its investment in any additional/new public housing units.

Building repairs and maintenance costs related to rental housing were \$8.2 million in 2012-2013, an increase of 70.8% over the \$4.8 million spent in 2011-2012. This includes preventative and demand maintenance as well as non-capital repairs and upgrades under the modernization and improvement program to maximize the useful life of our public housing assets.

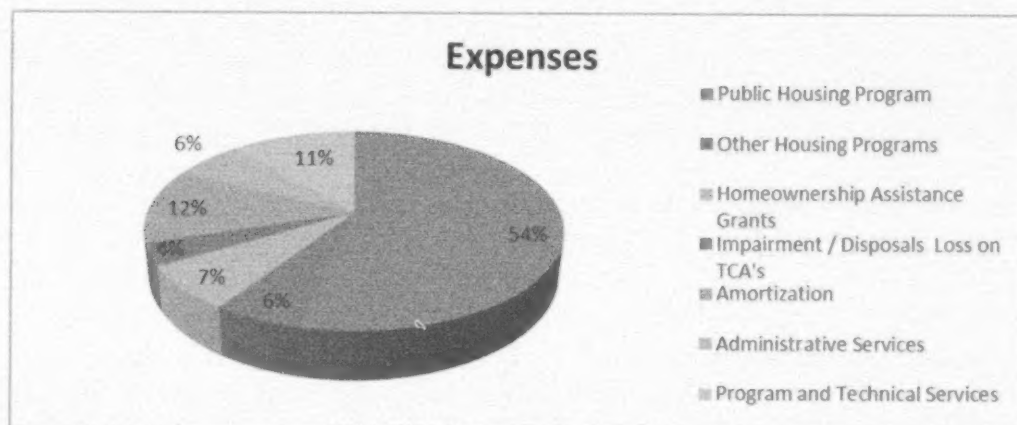
Expenditures on Other Housing programs were \$5.6 million in 2012-13, a slight increase over the \$5.5 million expended in 2011-12. The majority of expenditures under this category were in three programs: Unilateral CMHC programs, contributions for market housing, and the Supported Lease program.

The Corporation also had losses of \$3.5 million in 2012-13 related to impairment/disposal of tangible capital assets. This is an increase of \$1.2 million over the 2011-12 loss of \$2.3 million.

Homeownership assistance grants were \$7.1 million in 2012-2013, a decrease of \$0.8 million over the previous year amount of \$7.9 million. This funding is used for the provision of homeownership grants & contributions to support increased homeownership units and improvements to existing homeownership units.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Corporation spent \$17.6 million in Administrative, Program and Technical Services in 2012-2013, a decrease of \$0.2 million from the \$17.8 million spent in 2011-2012. Costs include administration support, program development and delivery, and technical support services that occurred at the District office and Headquarter level.



### Financial Position

The Corporation continues to maintain a solid financial position in 2012-2013, with net financial resources of \$40.5 million, an increase of \$1.9 million over the prior year. The accumulated surplus of \$276.6 million is not comparable to prior year due to adoption of PS 3410 – Government transfers which resulted in deferred capital funding of \$216.1 million being recognized as an adjustment to the 2013 opening accumulated surplus.

The requirement for the Corporation to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to capital projects and contractual commitments and to mitigate financial risk associated with the \$24.2 million third party loans that the Corporation administers on behalf of the CMHC. The Corporation indemnifies and holds harmless the CMHC from all losses, costs and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The Corporation has provided loan guarantees to private sector companies in support of new construction or improvements of residential housing across the north. The total outstanding balance of loans guaranteed was \$4.6 million as at March 31, 2013.

### Investment in Housing

As at March 31, 2013 the Corporation had \$233.3 million of investments in land and buildings, representing the amortized book value of 2,627 owned public housing, homeownership rental and market rental units. During the year, an additional investment of \$15.5 million was made in new properties and the major renovation of existing properties. There were 39 housing units, with a carrying value of \$3.0 million, disposed of during the year through sale or demolition, 52 properties written down by \$3.3 million and \$11.3 million of property costs were amortized during the year.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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### **Summary of Financial Results and Budget Projection (in millions of dollars)**

#### Explanation of major variances over the five year period

##### *Revenues*

GNWT – A change in accounting policy for Government Transfers (PS 3410) was adopted for fiscal year 2013. As a result, government contributions are treated as revenue in the year receivable and contributions for the acquisition of tangible capital assets (TCA) are no longer deferred and recognized as the related TCAs are amortized. In general, contributions from the GNWT have been increasing on an annual basis to keep pace with forced growth requirements, to offset the declining funding from CMHC and to support new government initiatives.

CMHC – funding from the CMHC under the Social Housing Agreement (SHA) continues to decline on an annual basis. This was offset for fiscal years 2009-2010 and 2010-2011 as additional funding was provided under the Canada Economic Action Plan and a portion of this funding was used for various renovation projects that were not capital in nature.

##### *Expenses*

A change in the presentation under the "Consolidated Statement of Operations and Accumulated Surplus" occurred in fiscal year 2013 (and restated for the prior year) which broke out the programs and expenses that were not strictly Public Housing programs. In addition, the salaries, benefits and administrative expenses for the Local Housing Organizations have been removed from "Administrative, Program and Technical Services" and are now included under "Public Housing Programs".

Public Housing Programs – In general, the costs to administer the Public Housing program continue to increase due primarily to inflationary pressures related to utility costs. There are also fluctuations from year to year dependent on the level of funding that is provided for minor repairs that are necessary to maintain the NWTHC owned housing assets.

Homeownership Assistance Programs – the funds available to provide as grants to homeowners (for the purchase or repair of homeownership units), varies from year to year depending on the client demand for repair programs balanced against the requirement to maintain good quality NWTHC owned housing assets.

Administration, Program and Technical Services - for fiscal year 2012-2013 (and restated for prior year), the salaries & benefits as well as other administration costs at the LHO level have been captured under the Public Housing Program where previously these costs were included under administration expenses. For 2012-2013, the administration expenses have been further broken down for information purposes to differentiate and identify the expenses related to program development and delivery services as well as technical services.

##### *Annual Surplus (Deficit)*

For fiscal years 2008-2009, 2009-2010 and 2011-2012, the Corporation incurred substantial surpluses. This was due, in large part to the significant influx of Federal funding provided over fiscal years 2008-2009 through 2009-2010 and the ongoing capacity challenges incurred by the Corporation and the housing construction industry generally, to complete all projects as planned within a compressed timeframe.

## MANAGEMENT DISCUSSION AND ANALYSIS

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### Write-off of Corporate Debt

As indicated in Part IX, Public Agencies, Section 84 of the Financial Administration Act any asset, debt or obligation written-off during the financial year that exceeds \$500 must be reported in the annual report of the public agency.

As indicated in Section 82 of the Financial Administration Act, a public agency such as the NWT HC has the authority to write-off debts or obligations up to \$20,000. Any write-off requests above \$20,000 require the express authority of an Act through the Legislative Assembly. The Corporation has delegated the authority to write-off debts or obligations up to \$10,000 to LHOs. When debts are written off it does not mean these debts are forgiven and the NWT HC has an obligation to continue collection activities.

The following are the approved write-offs for the fiscal year 2012-2013:

<i>Client Name</i>	<i>Community</i>	<i>Amount</i>
William Blake	Fort McPherson	\$60.00
Rosemary Buggins	Hay River	\$1,123.00
Laura Cardinal	Hay River	\$1,411.00
Ashley Conroy	Hay River	\$930.00
Calvin Francis	Fort McPherson	\$391.00
Shawna Larocque	Hay River	\$4,024.00
Christine Lefebvre	Hay River	\$1,829.00
Frank Smith	Fort McPherson	\$2,971.00
Andrew Stewart	Fort McPherson	\$1,373.00
Jonah Thomson	Hay River	\$307.00



***APPENDIX B:***  
***INDEPENDENT AUDITOR'S REPORT***





## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Housing Corporation, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

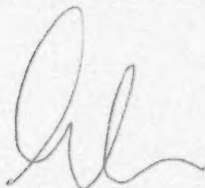
In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Housing Corporation as at 31 March 2013, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied, except for the change in the method of accounting for government transfers as explained in Note 3 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Northwest Territories Housing Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Housing Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations and the *Northwest Territories Housing Corporation Act* and regulations, with the exception that the Northwest Territories Housing Corporation did not meet its statutory deadline for submitting its annual report as described in the following paragraph.

Section 100 of the *Financial Administration Act* of the Northwest Territories requires the Northwest Territories Housing Corporation to submit its annual report to its Minister not later than 90 days after the end of its financial year, or an additional period, not exceeding 60 days, that the Minister may allow. The Northwest Territories Housing Corporation did not meet its statutory deadline for submitting its annual report to its Minister for the current fiscal year.



Guy LeGras, CA  
Principal  
for the Auditor General of Canada

23 October 2013  
Edmonton, Canada

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. Ensuring that information in the Corporation's annual report is consistent with the consolidated financial statements is management's responsibility.

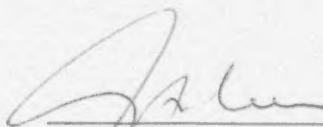
In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The external auditor, the Auditor General of Canada, conducts an independent examination, in accordance with Canadian auditing standards, and expresses his opinion on the consolidated financial statements. The external auditor has full and free access to financial information of Northwest Territories Housing Corporation.

On behalf of Northwest Territories Housing Corporation



David Stewart  
President & CEO



J.B. (Jeff) Anderson, CGA, CPA  
Vice President  
Finance & Infrastructure Services

Yellowknife, Northwest Territories  
October 23, 2013

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Statement of Financial Position

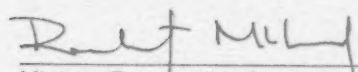
As at March 31, 2013

(in thousands)

	2013	2012
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	\$ 17,097	\$ 15,395
Portfolio investments (Note 5)	49,754	46,848
Accounts receivable (Note 6)	4,484	12,001
Mortgages and loans receivable (Note 7)	1,597	2,547
	<u>72,932</u>	<u>76,791</u>
<b>Liabilities</b>		
Bank indebtedness (Note 8)	494	1,548
Accounts payable and accrued liabilities (Note 9)	12,715	14,187
Deferred revenue	65	178
Loans payable to Canada Mortgage and Housing Corporation (Note 10)	12,197	12,875
Obligations under capital leases (Note 11)	2,063	4,667
Retirement and post-employment benefits (Note 12)	4,910	4,757
	<u>32,444</u>	<u>38,212</u>
<b>Net financial assets</b>	\$ 40,488	\$ 38,579
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	233,250	235,562
Deferred capital funding (Note 3)	-	(216,142)
Inventories held for use	2,664	3,040
Prepaid expenses	233	155
	<u>236,147</u>	<u>22,615</u>
<b>Accumulated surplus</b>	\$ <u>276,635</u>	\$ <u>61,194</u>

Contractual obligations and contingencies (Notes 16 and 17)

Approved:

  
 Minister Responsible for the  
 Northwest Territories Housing Corporation

  
 President & CEO

The accompanying notes and schedule form an integral part of the consolidated financial statements.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Statement of Change in Net Financial Assets For the year ended March 31, 2013 (in thousands)

	<u>2013</u> Budget	<u>2013</u> Actual	<u>2012</u> Actual
<b>Net financial assets, beginning of the year</b>	\$ 38,579	\$ 38,579	\$ 30,289
Items affecting net financial assets:			
Annual surplus (deficit)	-	(701)	8,320
Acquisition of tangible capital assets	(22,639)	(13,858)	(16,999)
Amortization of tangible capital assets	12,308	11,875	12,270
Disposal of tangible capital assets	-	1,009	3,097
Write-downs of tangible capital assets	-	3,286	818
Proceeds from deferred capital funding	-	-	16,751
Amortization of deferred capital funding	-	-	(14,823)
Acquisition of inventories held for use	-	(808)	(1,729)
Consumption of inventories held for use	-	1,184	567
Acquisition of prepaid expenses	-	(117)	(30)
Use of prepaid expenses	-	39	48
<b>Increase in net financial assets</b>	<u>(10,331)</u>	<u>1,909</u>	<u>8,290</u>
<b>Net financial assets, end of year</b>	<u>\$ 28,248</u>	<u>\$ 40,488</u>	<u>\$ 38,579</u>

The accompanying notes and schedule form an integral part of the consolidated financial statements.

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the year ended March 31, 2013**  
(in thousands)

	<u>2013</u> <u>Budget</u>	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
<b>Revenues</b>			
Government funding:			
Government of the Northwest Territories	\$ 52,288	\$ 66,961	\$ 53,957
Canada Mortgage and Housing Corporation (Note 13)	18,302	18,640	19,570
Amortization of deferred capital funding (Note 3)	12,308	-	14,823
	<u>82,898</u>	<u>85,601</u>	<u>88,350</u>
Generated revenues:			
Rental revenue	7,120	9,496	8,794
Recoveries on mortgages and loans (Note 7)	2,200	82	1,425
Investment revenue	300	715	685
Gain on disposal of investments	400	593	1,153
Other revenue and recoveries	275	1,109	584
Interest revenue on mortgages and loans	100	126	125
	<u>10,395</u>	<u>12,121</u>	<u>12,766</u>
	<u>93,293</u>	<u>97,722</u>	<u>101,116</u>
<b>Expenses</b>			
Public housing program (Note 14)	50,224	52,730	47,006
Unilateral CMHC programs	2,975	2,992	2,903
Contributions for market housing	890	1,238	1,202
Supported lease program	1,005	1,115	1,235
Rent subsidy program	1,050	38	-
Homelessness fund program	325	181	-
Homeownership assistance grants	7,719	7,096	7,928
Contributions for housing for staff initiative	75	75	150
Amortization	12,308	11,875	12,270
Loss on disposal of tangible capital assets	-	245	1,439
Writedowns of tangible capital assets	-	3,286	818
Administration (Note 15)	16,722	17,552	17,845
	<u>93,293</u>	<u>98,423</u>	<u>92,796</u>
<b>Annual surplus (deficit)</b>	\$ -	\$ (701)	\$ 8,320
<b>Accumulated surplus, beginning of year</b>		61,194	52,874
<b>Deferred capital funding recognized (Note 3)</b>		<u>216,142</u>	<u>-</u>
<b>Accumulated surplus, beginning of year - adjusted</b>		<u>277,336</u>	<u>52,874</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 276,635</u>	<u>\$ 61,194</u>

The accompanying notes and schedule form an integral part of the consolidated financial statements.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Statement of Cash Flow For the year ended March 31, 2013 (in thousands)

	<u>2013</u>	<u>2012</u>
<b>Operating transactions</b>		
Cash received from:		
Government of the Northwest Territories	\$ 66,935	\$ 73,313
Canada Mortgage and Housing Corporation	20,628	11,129
Rental revenue	10,100	6,276
Investment revenue	357	498
Miscellaneous revenue and recoveries	6,089	790
	<u>104,109</u>	<u>92,006</u>
Cash paid for:		
Payments to and on behalf of employees	(25,555)	(24,732)
Payments to suppliers	(58,500)	(56,201)
	<u>(84,055)</u>	<u>(80,933)</u>
Cash provided by operating transactions	<u>20,054</u>	<u>11,073</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(15,843)	(16,999)
Proceeds on disposal of tangible capital assets	853	1,658
Cash used in capital transactions	<u>(14,990)</u>	<u>(15,341)</u>
<b>Financing transactions</b>		
Repayment of long-term debt and capital leases	(1,386)	(1,512)
Cash used in financing transactions	<u>(1,386)</u>	<u>(1,512)</u>
<b>Investing transactions</b>		
Redemption of portfolio investments	71,316	81,714
Purchases of portfolio investments	(73,270)	(76,947)
Mortgage payments received	1,032	1,005
Cash (used in) provided by investing transactions	<u>(922)</u>	<u>5,772</u>
<b>Increase (decrease) in cash</b>	<u>2,756</u>	<u>(8)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>13,847</u>	<u>13,855</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 16,603</u>	<u>\$ 13,847</u>
<b>Made of:</b>		
Cash and cash equivalents	17,097	15,395
Bank indebtedness	(494)	(1,548)
	<u>\$ 16,603</u>	<u>\$ 13,847</u>

The accompanying notes and schedule form an integral part of the consolidated financial statements.

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

## **Notes to Consolidated Financial Statements**

**March 31, 2013**

(all figures in thousands)

### **1. PURPOSE OF THE ORGANIZATION**

The Northwest Territories Housing Corporation (the "Corporation") is a territorial corporation, established under the *Northwest Territories Housing Corporation Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, the Corporation operates in accordance with its Act and regulations, Part IX of the FAA, and any directives issued to it by the Minister responsible for the Corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

The Corporation's public housing program is delivered by twenty-three community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

The Corporation and the LHOs are economically dependent upon the Government of the NWT (the "Government") for the funds required to finance the net cost of their operations and capital acquisitions.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The significant accounting policies are as follows:

#### **Measurement uncertainty**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the allowance for impaired mortgages and loans receivable, the amortization of tangible capital assets, contingencies and the liability for retirement and post-employment benefits.

#### **Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the Corporation and the accounts of the following twenty-one LHOs (2012 – twenty-one LHOs), via consolidation, which are controlled by the Corporation:

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Aklavik Housing Association  
Deline Housing Association  
Fort McPherson Housing Association  
Fort Providence Housing Association  
Fort Resolution Housing Authority  
Fort Simpson Housing Authority  
Fort Smith Housing Authority  
Hay River Housing Authority  
Inuvik Housing Authority  
Lac La Martre Housing Association  
Lutsel K'e Housing Authority

Norman Wells Housing Authority  
Paulatuk Housing Association  
Radlilh Koe' Housing Association  
Rae Edzo Housing Authority  
Sachs Harbour Housing Association  
Tsiigehtchic Housing Association  
Tuktoyaktuk Housing Association  
Tulita Housing Association  
Ulukhaktok Housing Association  
Yellowknife Housing Authority

The following two LHOs: Yellowknife Dene Band (Housing Division) and Hay River Dene Band Housing Society have been excluded from the reporting entity since they are considered to be parts of separate levels of government and thus should be excluded from the reporting entity of any other government or government organization.

All significant inter-entity balances and transactions have been eliminated in the preparation of the consolidated statements.

#### Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government of the Northwest Territories.

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation for the operations and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties.

Funding provided by the Government and CMHC is recognized as government funding in the fiscal year when received or receivable, except to the extent that any such funding gives rise to an obligation that meets the definition of a liability. Funding which gives rise to a liability is recognized as revenue as the liability is settled.

Rental revenue is recognized on an accrual basis. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

## **NORTHWEST TERRITORIES HOUSING CORPORATION**

### **Notes to Consolidated Financial Statements**

**March 31, 2013**

(all figures in thousands)

#### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Contributions for public housing**

The Corporation provides contributions to Yellowknife Dene Band (Housing Division) and Hay River Dene Band Housing Society for their operation of the public housing programs and maintenance of the public housing units. These contributions are recognized based on estimated costs for administration and maintenance expenses incurred and based on actual costs for utilities, tax and leasing expenses incurred, by the two entities in the year.

As part of contributions for public housing, the Corporation also provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recognized based on actual or estimated costs incurred by each sponsor group in the year.

##### **Contributions for market housing**

The LHOs, on behalf of the Corporation, manage certain market rental units in accordance with operating agreements. The Corporation collects rents at market rates from those rental units and provides contributions to the LHOs for their costs incurred on administration and maintenance of those rental units.

##### **Cash and cash equivalents**

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

##### **Portfolio investments**

Portfolio investments are investments in debt securities of organizations that do not form part of the reporting entity and are accounted for using the amortized cost method.

Investment income is recognized on the accrual basis, premiums and discounts arising on purchase are amortized over the term of the respective investment, and capital gains and losses are recognized when realized. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

## **Notes to Consolidated Financial Statements**

**March 31, 2013**

(all figures in thousands)

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Homeownership assistance grants**

The Corporation, under section 44(1) of its Act, may make a home ownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The conditional grants, which vary in amount in depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 7).

The Corporation is not currently providing any new repayable mortgages/loans nor loan guarantees to eligible homeowners under its Homeownership Assistance program.

#### **a) Mortgages and loans receivable**

The net carrying amount of the mortgages and loans receivable represents the present value of the expected future principal and interest payments to be received, net of the grants provided to the borrowers, any restructuring costs, and the allowance for impairment. Interest income on mortgages and loans receivable is recognized when earned.

The costs related to a mortgage or loan restructuring, if any, are expensed in the year of the restructuring. A mortgage or loan is considered to be impaired when, in management's opinion, there is reasonable doubt as to the collection of principal and interest or when six months of arrears have accumulated. An allowance for impairment of 100% is established to reduce the carrying amount of mortgages and loans receivable identified as impaired to their estimated recoverable value of nil based on management's best judgment and the Corporation's historical loss experience. The recognition of interest income also ceases on a mortgage or loan identified as impaired.

A mortgage or loan receivable reverts to performing status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured and in the case of a mortgage or loan restructuring, when at a minimum twelve months of payment history has accumulated with no arrears.

Write-offs of impaired mortgages and loans occur after the homeowner and the Corporation has signed a quit claim agreement and the Corporation has obtained the housing unit in exchange for the debt owed. A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer title to the housing unit back to the Corporation for a nominal fee. The fair value of the housing unit acquired through the quit claims process is determined to be the original purchase price or construction costs (if available) less amortization from the original purchase date to the date the quit claim occurred. This is considered to be a reasonable estimate of the fair value of the assets recovered.

#### **b) Loan guarantees**

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee. Provisions for losses are reviewed annually.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Tangible capital assets

##### a) Land and buildings

Land and housing units constructed or purchased by the Corporation for public housing, including construction in progress, are recorded at cost. Housing units previously transferred from CMHC or the Government were recognized at net book value which was considered a reasonable estimate of fair value at the time of the transfer. Housing materials are recorded at cost and included in construction in progress.

Public housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Housing units are amortized at an annual rate of 5% on a declining balance basis. Amortization begins in the year the housing unit is placed into service and is taken for the full year. Construction in progress are not amortized.

##### b) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Warehouses and offices	Declining balance	5%
Office furniture and equipment	Declining balance	20%
Mobile equipment	Declining balance	20%
Software	Straight-line over 10 years	
Leaseholds	Straight-line over term of lease	

#### Inventories held for use

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

#### Bank indebtedness

Bank indebtedness is comprised of the bank account of those LHOs that have cheques issued in excess of deposits.

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

## **Notes to Consolidated Financial Statements**

**March 31, 2013**

(all figures in thousands)

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Employee future benefits**

##### **a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

##### **b) Northern Employee Benefits Service (NEBS) Pension Plan**

Eligible employees of the following LHOs are covered by the Northern Employee Benefits Services Pension Plan ("NEBS"), a contributory defined benefit plan. NEBS is a member owned, not-for profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north.

Deline Housing Association  
Fort Resolution Housing Authority  
Fort Simpson Housing Authority  
Fort Smith Housing Authority  
Inuvik Housing Authority

Lutsel K'e Housing Authority  
Radlilh Koe' Housing Association  
Rae Edzo Housing Authority  
Yellowknife Housing Authority

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year. Contributions are recorded as an expense in the year when the employees have rendered service.

##### **c) Retirement and post-employment benefits**

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service. The benefits are paid upon resignation, retirement, or death of an employee. The cost of these retirement and post-employment benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

#### **Future accounting change**

PSAB approved Section PS 3260, Liability for Contaminated Sites in March 2010. This new standard requires a government or government organization to recognize a liability for a contaminated site when an environmental standard exists, the contamination exceeds the environmental standard, the government or government organization is directly responsible or accepts responsibility for remediation of the contaminated site, and a reasonable estimate of the amount can be made. The new standard is effective for fiscal years beginning on or after April 1, 2014. Earlier adoption is encouraged. Management does not intend to early adopt this new standard.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 3. CHANGES IN ACCOUNTING POLICIES

The Corporation adopted the following new accounting policies:

#### Deferred capital funding

In the 2013 fiscal year, the Corporation has adopted the revised PS 3410 – Government transfers. These accounting changes have been applied retroactively without restatement as allowed for under the transition provisions of this revised section.

Contributions for the acquisition of tangible capital assets previously deferred and recognized as government funding on the same basis as the related tangible capital assets were amortized no longer meet the definition of a liability under the revised standards.

Deferred capital funding of \$216,142 was recognized as an adjustment to the 2013 opening accumulated surplus.

#### Portfolio investments and financial instruments

In the 2013 fiscal year, the Corporation has adopted the PS 3041 Portfolio Investments and PS 3450 – Financial Instruments. These accounting changes have been applied prospectively without restatement of prior years as required under the transition provisions of these new sections.

The Corporation under PS 3041 was required to reclassify the bankers acceptances previously recorded as temporary investment to portfolio investments. This reclassification increased portfolio investments by \$23,299 (2012 - \$23,198).

The Corporation under PS 3450 was required to determine whether its financial instruments should be valued at fair value, cost or amortized cost and provided additional disclosures related to liquidity, credit and interest rate risks (see Note 18). The Corporation determined that its financial instruments should be recorded at amortized cost (see Note 18) and this did not impact the presentation, measurement and recognition of these financial instruments compared to prior years.

### 4. CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
Cash	\$ 12,662	\$ 15,395
Cash equivalents	<u>4,435</u>	<u>-</u>
	<u>\$ 17,097</u>	<u>\$ 15,395</u>

Cash equivalents are comprised of a high quality debt instrument with an original term to maturity of 59 days (2012 – nil days) and a market yield of 1.14% (2012 – nil).

Also, included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$1,871 (2012 - \$2,140) which are also included in accounts payable and accrued liabilities (Note 9).

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 5. PORTFOLIO INVESTMENTS

Issuer	Stated interest rate	2013 Remaining term	2012	
			Carrying amount	Carrying amount
Fixed income investments:				
Bankers acceptances	1.30% to 1.66%	63 to 214 days	\$ 23,299	\$ 23,198
Provincial governments	1.57% to 3.88%	2 to 14 years	22,449	15,367
Business Development Bank of Canada	1.17%	1 year	1,100	1,100
Ontario Hydro Strip Bonds	2.04%	4 years	1,406	1,375
Ontario Hydro Zero Coupon Bonds	2.15%	5 years	1,500	-
RES Scotia Bank			-	5,808
			<u>\$ 49,754</u>	<u>\$ 46,848</u>

The weighted average effective yield of this portfolio in 2013 was 1.96% (2012 – 1.74%). Investments in bankers acceptances are highly liquid investments with original terms to maturities of 90 days to one year.

### 6. ACCOUNTS RECEIVABLE

	2013	2012
Trade accounts receivable	\$ 2,173	\$ 7,547
Tenant rents receivable	15,323	15,217
	<u>17,496</u>	<u>22,764</u>
Less allowance for doubtful accounts	(13,696)	(13,472)
	<u>3,800</u>	<u>9,292</u>
Receivables from CMHC	301	2,375
Receivables from related parties:		
Government of the Northwest Territories	<u>383</u>	<u>334</u>
Net Accounts Receivable	<u>\$ 4,484</u>	<u>\$ 12,001</u>

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 7. MORTGAGES AND LOANS RECEIVABLE

#### a) Mortgages and loans receivable

	<u>2013</u>	<u>2012</u>
Corporate loan, repayable in monthly installments at interest rate of 7.80%, unsecured, with a term of 10 years	\$ 38	\$ 68
Mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 5.99% and 10.75%, secured by registered charges against real property, with a term over a maximum of 15 years	1,274	2,564
Loans based on Income Assessment, repayable in monthly installments at interest rates varying between 3.10% and 12.00%, unsecured, with a term over a maximum of 15 years	6,115	9,665
Restructured mortgages, repayable in monthly installments at interest rates varying between 3.00% and 5.99%, secured by registered charges against real property, with a term over a maximum of 25 years	952	555
Restructured loans, repayable in monthly installments at interest rates varying between 3.00% and 7.20%, unsecured, with a term over a maximum of 25 years	<u>7,130</u>	<u>2,544</u>
Mortgages and loans receivable	15,509	15,396
Less allowance for impaired mortgages and loans	<u>(13,912)</u>	<u>(12,849)</u>
Net mortgages and loans receivable	<u>\$ 1,597</u>	<u>\$ 2,547</u>

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$778 (2012 - \$1,223). There were three write-offs in the current year (2012 - three).

#### b) Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition of the property remaining the principal residence and annual income remaining below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of \$7,096 (2012 - \$7,928), which are expensed on the consolidated statement of operations and accumulated surplus.

#### c) Net recoveries on mortgages and loans receivable and conditional grants:

	<u>2013</u>	<u>2012</u>
Recoveries on impaired mortgages and loans	\$ 747	\$ 233
Adjustment to allowance for impaired mortgages and loans	(1,063)	893
Recoveries from conditional grants	<u>398</u>	<u>299</u>
	<u>\$ 82</u>	<u>\$ 1,425</u>

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 8. BANK INDEBTEDNESS

	<u>2013</u>	<u>2012</u>
Cheques issued in excess of deposits for certain LHOs	\$ <u>494</u>	\$ <u>1,548</u>

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
Trade payables	\$ 6,965	\$ 8,418
Contractors holdbacks	2,309	1,953
Damage deposits	1,702	1,659
Wages and employee benefits	489	559
Tender and security deposits	169	481
Accrued interest	224	268
Prepaid rent	94	109
Payables to related parties:		
Government of the Northwest Territories	<u>763</u>	<u>740</u>
	\$ <u>12,715</u>	\$ <u>14,187</u>

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 10. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

	2013		2012	
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2012 to 2038, at interest rates from 5.94% to 19.00% (2012 - 5.94% to 19.00%).	\$ 25,964	\$ (25,964)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2012 - 6.97%). These loans are guaranteed by the Government.	19,370	(10,761)	8,609	9,075
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 2.78% to 3.68%, (2012 - 2.78% to 3.68%).	3,588	-	3,588	3,800
	<u>\$ 48,922</u>	<u>\$ (36,725)</u>	<u>\$ 12,197</u>	<u>\$ 12,875</u>

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as National Housing Act (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as NHA Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9<sup>th</sup> the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$4,080 in 2013 (2012 - \$4,384), and would have made additional principal long-term debt repayments to CMHC of \$2,653 in 2013 (2012 - \$3,405).

The above mortgages and loans payable to CMHC are not secured.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 10. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (continued)

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 718	\$ 727	\$ 1,445
2015	761	684	1,445
2016	806	639	1,445
2017	844	590	1,434
2018	805	539	1,344
2019 - 2023	3,789	2,029	5,818
2024 - 2038	<u>4,474</u>	<u>1,006</u>	<u>5,480</u>
	\$ <u>12,197</u>	\$ <u>6,214</u>	\$ <u>18,411</u>

### 11. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed to annual payments for 13 (2012 - 15) lease agreements for public housing units under the Public Housing Rent Supplement Programs and three (2012 - three) lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2014 to 2019. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payments.

	<u>Executory costs</u>	<u>Imputed interest</u>	<u>Lease obligation</u>	<u>Future minimum lease payments</u>
2014	\$ 304	\$ 138	\$ 847	\$ 1,289
2015	241	67	614	922
2016	126	30	308	464
2017	23	15	135	173
2018	23	8	89	120
2019	<u>17</u>	<u>2</u>	<u>70</u>	<u>89</u>
<b>Total</b>	\$ <u>734</u>	\$ <u>260</u>	\$ <u>2,063</u>	\$ <u>3,057</u>

The value of the leased housing units which are included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2013 is \$8,480 and \$7,171 respectively (2012 - \$11,004 and \$8,016, respectively).

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 12. RETIREMENT AND POST-EMPLOYMENT BENEFITS

#### Pension benefits

The Corporation's employees participate in the Public Service Pension Plan (the "Plan") administered by the Government of Canada. The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

The Corporation and all eligible employees contribute to the Plan. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. During the calendar year 2012, the Corporation contributed 1.74 dollar for every dollar contributed by the employee, and 8.95 dollar for every dollar contributed by the employee for the portion of the employee's salary above \$148 thousand. Effective January 1, 2013, the Corporation contributes 1.64 dollar for every dollar contributed by the employee, and 8.00 dollar for every dollar contributed by the employee for the portion of the employee's salary above \$150.9 thousand. And, for new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes 1.57 dollar for every dollar contributed by the employee, and 8.00 dollar for every dollar contributed by the employee for the portion of the employee's salary above \$150.9 thousand.

The contribution rate for employees during the calendar year 2012 was 6.20% on their pensionable earnings up to \$50.1 thousand and 8.60% for their pensionable earnings over \$50.1 thousand. Effective January 1, 2013, the contribution rate for employees is 6.85% on their pensionable earnings up to \$51.1 thousand and 9.20% for their pensionable earnings over \$51.1 thousand. In addition, for new employees who are participating in the plan on or after January 1, 2013, the contribution rate is 6.27% on their pensionable earnings up to \$51.1 thousand and 7.63% for their pensionable earnings over \$51.1 thousand.

Total contributions to the Plan in the fiscal year were as follows:

	2013	2012
Employer's contributions	\$ 1,492	\$ 1,498
Employees' contributions	778	755

#### Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2012 – 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were as follows:

	2013	2012
Employer's contribution	\$ 293	\$ 303
Employees' contribution	293	303

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 12. RETIREMENT AND POST-EMPLOYMENT BENEFITS (continued)

The plan serves 1,128 Employee Members and 81 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the NEBS Pension Plan Protection Act in March 2009 which sets rules to protect Plan Members funds. Both governments have provided a commitment to introduce broader NEBS Pension Plan legislation in 2014.

#### Post-employment benefits

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Liability for leave, severance, and removal benefits is as follows:

	2013	2012
Accrued benefit obligation, beginning of year	\$ 4,757	\$ 4,036
Costs for the year	1,664	2,021
Benefits paid during the year	(1,511)	(1,300)
Accrued benefit obligation, end of year	\$ 4,910	\$ 4,757

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 13. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

	<u>2013</u>	<u>2012</u>
Funding received from CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 11,234	\$ 12,040
Contributions to non-profit housing sponsor groups and cooperatives	3,918	3,918
Repairs, maintenance and other costs	1,580	1,772
Agreement for Investment in Affordable Housing	1,840	1,840
Agreement for Incremental Construction Costs	25	-
Agreement for Energy Construction Monitoring	43	-
	<u>\$ 18,640</u>	<u>\$ 19,570</u>

Under the terms of the 1999 Social Housing Agreement with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11 million three year agreement amalgamated two existing NWT HC/CMHC agreements (Housing Renovation Program Agreement and the Affordable Housing Agreement Extension). Funding under this agreement can be utilized under four specific NWT HC housing programs (CARE, PATH, HELP and Shelter Enhancement). The annual funding is cost shared with CMHC and the NWT HC each contributing \$1.84 million per year for this program. Both parties to the Agreement will provide a total of \$5.5 million over the three year period from 2011/2012 to 2013/2014.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 14. PUBLIC HOUSING PROGRAM

	<u>2013</u>	<u>2012</u>
Utilities, taxes and land leases	\$ 22,928	\$ 21,247
Repairs, maintenance and other costs	8,154	4,796
Salaries	12,248	11,744
Administration	1,993	1,838
Contributions for public housing	3,365	3,312
Leasing	2,948	2,781
Interest on long-term debt	1,094	1,287
	<u>\$ 52,730</u>	<u>\$ 47,006</u>

### 15. ADMINISTRATION EXPENSES

	<u>2013</u>	<u>2012</u>
Salaries and benefits	\$ 13,392	\$ 13,715
Building and equipment rentals	1,760	1,735
Professional and special services	552	691
Administration	402	211
Travel and relocation	544	578
Computer services	400	444
Communications	222	225
Materials and supplies	201	179
Workshops and studies	49	67
Other expenses	30	-
	<u>\$ 17,552</u>	<u>\$ 17,845</u>

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

#### 16. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments as follows. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Also included in the 2014 contractual obligations are construction commitments of \$5,419 (2013 - \$5,855).

	Total
2014	\$ 9,116
2015	2,842
2016	2,333
2017	1,890
2018	1,566
After	5,993
Total	\$ 23,740

#### 17. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2013 a total of 28 (2012 - 31) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$4,609 (2012 - \$5,199). Seven (2012 - eight) of these loans guaranteed with a total outstanding balance of \$3,237 (2012 - \$3,664) are secured by registered charges against real property.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2013 was \$24,282 (2012 - \$25,906).

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2013 is nil (2012 - nil).

## **NORTHWEST TERRITORIES HOUSING CORPORATION**

### **Notes to Consolidated Financial Statements**

**March 31, 2013**

(all figures in thousands)

#### **18. FINANCIAL RISK MANAGEMENT**

The Corporation's financial instruments consist of cash and cash equivalents, portfolio investments, accounts receivable, mortgages and loans receivable, bank indebtedness, accounts payable and accrued liabilities, loans payable to CMHC and obligations under capital lease and are measured at amortized cost. The Corporation has exposure to the following risks from its use of financial instruments:

##### **a) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

##### **b) Credit risk**

The Corporation is exposed to credit risk on its cash equivalents, portfolio investments, accounts receivable and mortgages and loans receivable.

##### **Cash equivalents and Portfolio investments**

Credit risk on cash equivalents and portfolio investments arises from the possibility that the counterparty to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$54,189 (2012 - \$46,848).

##### **Accounts receivable**

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$4,484 (2012 - \$12,001).

##### **Mortgages and loans receivable**

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The Corporation developed the Mortgage Payment Plan to improve collections on mortgages in 2007. This ended in the current year when a new program, the Revised Mortgage Approach was developed to determine new repayable loan amounts.

The maximum exposure to credit risk is \$1,597 (2012 - \$2,547).

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2013

(all figures in thousands)

### 18. FINANCIAL RISK MANAGEMENT (continued)

#### c) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Corporation is exposed to interest rate risk primarily through its investment in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes.

The Corporation does not face interest rate risk on its loans payable to the Canada Mortgage and Housing Association because these interest rates are fixed for the full term of the loans.

Interest rate risk is minimized by actively managing the duration of the fixed income investments.

						Carrying value	
Term	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	2013	2012
Portfolio investments	9,553	14,845	10,078	10,999	4,278	49,754	46,848

A 1% change in interest rates would change net investment income by \$483 (2012 - \$486).

### 19. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Portfolio investments	\$ 49,754	\$ 50,227	\$ 46,848	\$ 47,392
Loans payable to CMHC	8,609	10,968	9,075	11,578
Mortgages payable to CMHC	3,588	3,712	3,800	3,868
Obligations under capital lease	2,063	2,288	4,667	6,170

The fair values of the portfolio investments are their market values at March 31.

The fair value of loans and mortgages payable to CMHC is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

The fair value of the mortgages and loans receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

The fair values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of the short term to maturity.

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

## **Notes to Consolidated Financial Statements**

**March 31, 2013**

(all figures in thousands)

### **20. RELATED PARTY TRANSACTIONS**

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

### **21. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

### **22. BUDGETED FIGURES**

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Schedule A

### Consolidated Schedule of Tangible Capital Assets March 31, 2013 (all figures in thousands)

Land and buildings:	Opening balance	Cost			Write- downs	Closing balance	Opening balance	Accumulated amortization		Closing balance	Net book value	
		Acquisitions	Disposals					Amortization	Disposals		2013	2012
Land	4,717	1,178	-	-	-	5,895	-	-	-	-	5,895	4,717
Public housing	351,271	13,331	(5,927)	(2,806)	(2,806)	355,869	139,908	11,261	(2,933)	148,236	207,633	211,363
Construction in progress	13,453	969	-	(480)	(480)	13,942	-	-	-	-	13,942	13,453
<b>Sub-total</b>	<b>369,441</b>	<b>15,478</b>	<b>(5,927)</b>	<b>(3,286)</b>	<b>(3,286)</b>	<b>375,706</b>	<b>139,908</b>	<b>11,261</b>	<b>(2,933)</b>	<b>148,236</b>	<b>227,470</b>	<b>229,533</b>
<b>Property and equipment:</b>												
Warehouses and offices	8,867	116	-	-	-	8,983	4,116	303	-	4,419	4,564	4,751
Office furniture and equipment	5,268	64	-	-	-	5,332	4,695	128	-	4,823	509	573
Mobile equipment	1,516	80	-	-	-	1,596	886	142	-	1,028	568	630
Software	-	105	-	-	-	105	-	-	-	-	105	-
Leaseholds	728	-	-	-	-	728	653	41	-	694	34	75
<b>Sub-total</b>	<b>16,379</b>	<b>365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,744</b>	<b>10,350</b>	<b>614</b>	<b>-</b>	<b>10,964</b>	<b>5,780</b>	<b>6,029</b>
<b>Total</b>	<b>385,820</b>	<b>15,843</b>	<b>(5,927)</b>	<b>(3,286)</b>	<b>(3,286)</b>	<b>392,450</b>	<b>150,258</b>	<b>11,875</b>	<b>(2,933)</b>	<b>159,200</b>	<b>233,250</b>	<b>235,562</b>



